

WEEKLY REPORT

13 December 2024



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Energy price cap rise and support options for struggling billpayers

Ofgem announced a small increase in the energy price cap from January 2025, with typical bills rising to £1,738 annually, reflecting a 50% increase compared to pre-Covid-19 levels. While fixed-price tariffs offer potential savings, their volatility presents risks. High energy bills continue to stretch household budgets, with debt to suppliers totaling £3.7bn and average arrears exceeding £1,500 per household. Vulnerable groups, particularly low-income pensioners, face reduced government support, as winter fuel payments are now limited to those receiving specific benefits. Ofgem urges customers to shop around for cheaper tariffs and explore available financial assistance, including pension credit and debt repayment plans.

Northern Ireland sets 77% emissions reduction target by 2040

The Northern Ireland Assembly has approved a law targeting a 77% emissions reduction by 2040, building on the 2022 Climate Change Act, which set a 48% cut by 2030. The law introduces three carbon budgets: a 33% annual reduction (2023-2027), 48% (2028-2032), and 62% (2033-2037), all compared to 1990 levels. Agriculture Minister Andrew Muir highlighted the benefits, including green investment, job creation, and energy security, while ensuring a fair transition that improves health, biodiversity, and the environment. A Climate Action Plan will outline how to achieve these goals, pending approval by the Stormont Executive.

Jet Zero: The future of carbon-neutral aviation

The UK's Jet Zero strategy aims for carbon-neutral air travel by 2050, with domestic flights and airport operations achieving zero emissions by 2040. Key measures include fuel-efficient technologies like Rolls Royce's UltraFan, sustainable aviation fuel (SAF), airspace modernization, and electric or hydrogen-powered planes. However, challenges remain: SAF production requires significant renewable energy, and electric and hydrogen aircraft are limited to short distances. Even with these innovations, only a third of aviation emissions might be cut, leaving carbon offsetting and emissions pricing to close the gap.

UK secures £360m fishing deal with EU

Prime Minister Sir Keir Starmer has struck a fishing deal with the EU, increasing the UK's 2025 fishing quotas to 150,000 tonnes, worth an estimated £360m. This follows other agreements, bringing total fishing opportunities for 2025 to 720,000 tonnes—

120,000 more than under EU membership. Fisheries Minister Daniel Zeichner praised the £890m boost to the UK fleet as vital for coastal communities. Sir Keir Starmer's efforts to reset EU relations post-Brexit include renegotiating the Brexit deal and fostering cooperation.

TRADE UPDATE

Global airline revenues to surpass \$1 trillion in 2025, IATA forecasts

IATA has forecast lower oil prices will marginally improve airline profitability next year, with net profits globally predicted to reach almost \$37 billion, up from an estimated \$31.5 billion this year. Airline association IATA expects total industry revenues to surpass \$1 trillion for the first time in 2025, increasing 4.4% in 2024, with net profit per passenger hitting an average \$7, below the high of \$7.9 in 2023 but up on the average of \$6.4 this year. Global passenger numbers are also expected to hit a record level next year, exceeding five billion for the first time, with the number of flights hitting 40 million. The airline flew 13.6 million passengers, a 35% rise over the same period last year. Passenger revenue was up by 21% to reach £3.27 billion as carryings increased by 35% to 14 million.

'Severe' supply chain issues holding back global airline growth

"Severe" supply chain issues will continue to impact airline performance into 2025, IATA has warned. This will raise costs and limit growth in particular due to a sharp fall in aircraft deliveries from a peak of 1,813 in 2018 to 1,254 this year – a 30% shortfall on what was predicted going into 2024. The backlog for new aircraft has reached a record high of 17,000. At present delivery rates, this would take 14 years to fulfil, double the six-year average backlog for the 2013-19 period, according to the airline trade body. IATA director general Willie Walsh said: "Supply chain issues are frustrating every airline with a triple whammy on revenues, costs, and environmental performance. Load factors are at record highs and there is no doubt that if we had more aircraft they could be profitably deployed, so our revenues are being compromised".

Industry warned not to rile government with continued Budget criticism

Business anger at rises in the costs of employing staff announced in the Budget shows no sign of abating, but industry leaders have been warned against continually "shouting" about the impacts. Ministers "see the value" of travel and aviation and are "eager to please" the sector, according to a senior figure at business association the CBI. Chancellor Rachel Reeves announced increases in employers' national insurance contributions (NICs) and the national living wage in October, both to kick in from April. Jordan Cummins, CBI director for UK competitiveness, told the Airports UK conference in London "This government sees a big role for aviation. Global connectivity is big for it. This is not a government that doesn't see the value of the sector."

Air travellers advised to prepare for 'unexpected challenges' in busiest December since Covid

The busiest December for air travel since the pandemic has been predicted by the UK's aviation regulator as millions are expected to jet off for Christmas. Almost 11 million passengers, including almost 3.5 million from Heathrow, departed from UK

airports last December. The regulator's data trends this year suggest airports will be even busier as demand for flights is expected to get back to pre-pandemic levels. Heathrow expects passenger numbers on Christmas Day alone to rise by 25% over last year.

Overcrowded airspace means no quick fix to flight delays

The UK air traffic control system is "at breaking point", the head of air traffic control service NATS has warned, with more aircraft in the airspace available across Europe than ever before. NATS chief executive Martin Rolfe told the Airports UK conference in London last week: "We have 25% less airspace in Europe since Russia invaded Ukraine and considerably more aircraft [in the air at any time] down towards Greece. The capacity of the system is at breaking point. The only way to deal with that is by more collaboration and not finger pointing." NATS was the subject of a highly critical report, commissioned by the CAA and published last month, into its system failure on August Bank Holiday Monday last year. The report made 34 recommendations for improving the aviation industry's response during air traffic disruption.

AIRLINE UPDATE

Air India - Air India has placed an order for 100 more aircraft on the back of a record deal for 470 last year. The deal comprised 10 widebody Airbus A350s and 90 narrowbody A320 family aircraft, including A321neos. These 100 new aircraft are in addition to firm orders of 470 aircraft that Air India placed with Airbus and Boeing last year.

Kenya Airways - Kenya Airways is to start serving London Gatwick as well as London Heathrow from next summer amid UK expansion ambitions. The airline confirmed plans to run flights from Nairobi three times a week from July 2, increasing overall London frequency to 10 flights a week. Kenya Airways group managing director and chief executive Allan Kilavuka hinted at the potential for further expansion, saying that "this is just the beginning of our expansion plans for the UK market".

KLM - KLM will operate its first flights from Exeter airport to Amsterdam Schiphol from the end of March 2025. The 90-minute flights will depart from Exeter at 5.20pm and from Amsterdam at 4.15pm seven days a week. The services will be operated by KLM Cityhopper and use an 88-seat Embraer 175 regional jet aircraft. These will be the first flights to the Dutch capital from Exeter airport since 2019.

TOUR OPERATORS, TRAVEL AGENCIES & OTA UPDATE

Intrepid - Greenland is among a range of new destinations introduced by Intrepid Travel as six countries are added to its portfolio. A total of 55 new itineraries and 200 experiences are included for 2025. New destinations include: Ladakh, India; Hokkaido, Japan, Cape York, Australia, and the operator's first land-based trip in Greenland. The Maldives and the West African nations of Benin, Togo, Ghana,

Senegal and The Gambia have been introduced, bringing the operator's coverage to more than 120 countries worldwide. Journeys by rail, active adventures, new 18-35s destinations, family holidays and sailing trips are part of the expanded programme. Trips span across the year with flexible travel times and varied durations.

Kuoni - Kuoni has unveiled its brand "revitalisation" to broaden its family appeal as it hails a significant hike in trade sales. The tour operator aims to grow its share of the family market and widen its reach beyond special occasions, such as honeymoons and weddings. The new branding, trailed last month, includes the return of a travel globe to its logo after a 15-year gap – a deliberate move to highlight its worldwide holidays range as it shelves sub-brands Alfred&, which offered tailor-made Africa and India holidays, and North American by Kuoni, to bring all product under the main Kuoni brand.

Travel Counsellors - Travel Counsellors has seen group sales rise 19% to reach £114 million in six weeks since the start of its financial year in November 2024. The home working company achieved £17.5 million in group sales in the first week of this month alone, marking its strongest start to December ever and a 31% year-on-year increase. Of this, £8.6 million came from the premium leisure market, which saw a 38% growth. More than half of these sales were attributed to tailored packages. TC Journeys, one of the latest features built into the company's tech platform, now features more than 266 bespoke itineraries.

TUI - The boss of TUI UK and Ireland has reported "encouraging" Black Friday sales as Brits continue to defy economic challenges and prioritise travel. The comments from Neil Swanson, TUI UK and Ireland managing director, came after the TUI Group revealed its annual profits had surged by a third to €1.3 billion. Swanson said: "Today's results show we've seen strong demand throughout the year, demonstrating that Brits are prioritising their holidays despite economic challenges."

SOCIAL UPDATE

Instagram tests audience sampling for Reels

Instagram is testing a new 'Trial' feature for Reels, allowing creators to share new videos with non-followers first to gauge audience reactions. This feature will be available in the drafts area of users profile, and performance metrics such as likes, shares and comments will be available around 24 hours after the trial. Users can decide to 'share with everyone' if a trial performs well, allowing their followers to view the Reel or choose for Instagram to automatically share it if the app deems it to be performing well.

Meta trials 'No Edit' Tag Stories Images

Meta is testing a 'No Edit' tag for Stories, to identify content that has not been altered in the app. This may create a layer of authenticity for users' content, confirming that it hasn't been edited in Meta. This tag will also circumvent the existing uploading process, where users have to go through editing and enhancement steps when uploading content, making the process more streamlined.

MICE UPDATE

The search begins for Tomorrow's Talent 2025

The Meetings Show is excited to announce the opening of applications for its 2025 Tomorrow's Talent programme, a key initiative aimed at discovering and celebrating future leaders in the business meetings and events industry. Tomorrow's Talent provides an invaluable opportunity for up-and-coming individuals to gain exposure, build connections, and enhance their careers within the dynamic business meetings and events sector. The prize includes an invite to the M&IT Awards in September for fantastic networking opportunities and VIP access to The Meetings Show on 25-26 June at Excel London. Additionally, each selected individual will have the opportunity to gain valuable insight and mentorship from industry leaders on an ongoing basis.

LIGHTER NOTE

Seven-year-old Harry raised £960 for Nunny's Farm in Grimsby by walking eight miles to help the farm raise £40,000 to stay open. Click [here](#) to read more.