

# **The Business Travel Association (BTA)**

## **Representation to the Department for Transport “A railway fit for Britain’s Future” consultation**

### **Introduction**

The Business Travel Association (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.

In a typical year, this equates to 6.4 million journeys and 32 million transactions. In 2022, business travel expenditure contributed £27.5 billion in gross value added (GVA) and 283,500 full-time equivalent (FTE) jobs to the UK economy. From this, £10.4 billion GVA and 79,900 FTE jobs were a result of the initial expenditure of businesses organising travel through TMCs.

The business travel sector is essential to the UK’s economy, driving business deals domestically and internationally, while ensuring that workers can travel for work across all sectors of the economy – from engineers to humanitarian aid workers, scientists, education providers and researchers.

BTA partners also include many of the UK’s railway operating companies and ticketing providers.

It is essential that all parts of the UK have access to the transport infrastructure necessary to allow workers across all sectors to travel for business both at home and abroad. Without this investment, regions, towns, and cities across the UK find themselves being left behind, as people move to areas with better and more efficient transport links.

Improving transport connectivity is crucial to help support the growth of the entire United Kingdom. Business travellers rely on good transport links, whether that is someone travelling from London to Birmingham for a business meeting or flying from Edinburgh to Bristol for a conference. A multi modal integrated transport network is essential to deliver the fair and sustainable economic growth across our country.

Should you require any further information on this submission, please contact:

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## Leadership of Britain's Railways

### Questions 1-3

**1. *Do you agree that GBR should be empowered to deliver through reformed incentives and a simplified and streamlined regulatory framework?***

The Business Travel Association supports the Government's determination to create a guiding and coordinating mind through Great British Railways (GBR). Simplifying governance, while improving efficiency and service quality are goals that the business travel sector share.

On average, business travellers contribute more revenue to the railways per journey than leisure travellers. Whilst business to business travel represents c10% of industry sales, each journey leg generates 4.7 times more revenue compared to that of leisure travel.

On revenue market share alone, the business travel industry therefore has the potential to account for over 47% of industry revenue. However, according to our data, whilst the domestic rail spend through 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, which increased by 66%.

Our response is based on our experience of the top rail companies for business travel. These include:

- LNER
- Avanti West Coast
- Great Western Rail
- Cross Country

Our business travel sector members tell us 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 – which mean business travellers are put off, or unable to, travel by rail.

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. Our members alone booked 269,000 passengers from either Heathrow and London City to Edinburgh or vice versa with a revenue of £30.5m in 2024. Similarly, members booked 36,000 passengers from London Heathrow to Manchester at a revenue of £3m. This demonstrates the size of the opportunity for the rail industry to encourage business travels to make the shift from air to rail.

There is a need to incentivise a modal shift from air travel to rail and the Travel Management Sector is ideally placed to make this happen. Modelling carried out by Blackbox on behalf of the BTA demonstrates that by implementing an accelerated commission ladder for modal shift growth, the Treasury could gain up to £10,881,000 in GVA. For example, where business to business travel can evidence a move away from flights to rail as a conversation, an additional 3.5% commission is paid to support modal shift initiatives e.g. £380K extra in commission for £10.8m additional revenue (total commission is 7%).

Currently we find that, due to the nature of how transport planning currently takes place, there is no overall consistency, nor national or regional strategy, that considers the needs of travellers who are on business.

By providing a single 'guiding mind', GBR has the potential to reduce operational fragmentation and deliver a railway network that is more coherent and more responsive to business and leisure customers. This should enable more strategic planning, thereby improving the service provided to customers and communities, whilst unlocking opportunities to invest in the network and to create sustainable economic growth.

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, which 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.

Business travellers therefore need high-frequency and reliable connections between business hubs across the UK. However, as it stands, BTA members find that the lack of a regulatory framework means that there is little joined up thinking as most lines run as monopolies. An integrated UK transport system would allow for greater punctuality and reliability to combat the persistent problems of overcrowding, delays and cancellations.

The BTA is therefore supportive of the core objectives to ensure reliability, affordability, accessibility, efficiency, safety and quality.

We support optimising regulatory frameworks but advise caution to ensure that the needs of all rail users — in particular the business travellers — are fully considered.

**2. *Do you agree that the Secretary of State should be responsible for issuing and modifying a simplified GBR licence enforced by the ORR, and that the ORR's duties with respect to GBR should be streamlined to reflect the new sector model?***

The Business Travel Association agrees that the Secretary of State should be responsible for issuing and modifying GBR's licence, with the ORR acting as the enforcement body.

However, it is important that the licence provides:

- **Sufficient flexibility for GBR to improve performance and efficiency.**
- **Clear and transparent conditions that support safety, sustainability, and industry collaboration.**
- **Well-defined accountability mechanisms to maintain confidence in the system.**

It is important to ensure that the industry's safety, sustainability, and long-term resilience remain protected whilst recognising the needs of the business traveller. Currently, our members find that reliability issues are heavily impacting confidence in recommending rail services.

Rail reliability is at 62% for on-time performance. This is comparable to airlines at 67-68%. However, the negative media coverage of rail presents a real threat to its perceived reliability. By implementing well defined accountability mechanism within GBR's licence, the Secretary of State and ORR can reinstate confidence within the system by communicating successes more effectively.

## **A new voice for passengers**

### **Questions 4 &5**

#### ***4. What are your views on the proposed functions of the new passenger watchdog?***

The Business Travel Association supports the creation of a new passenger watchdog, which will give passengers a voice and hold the railway accountable. However, it is of paramount importance that the definition of 'passenger' is closely considered in the establishment of a new watchdog.

'Passenger' is a very broad term that includes both leisure and business travellers. The BTA believes that the new passenger watchdog should recognise from the outset that business travellers have distinct needs and interests compared to leisure travellers, not least a different way of booking.

We encourage the Government to build the importance of business travel into the mandate and remit of the watchdog from day one. We would like to emphasise that many of the needs and interests of business travellers would be beneficial and welcomed by leisure travellers – such as improvements to onboard Wi-Fi and charging sockets. Considering the interests of business travellers will, in most cases, lead to improvements the passenger experience of leisure travellers – whereas focussing solely on the needs of leisure travellers will not have the same level of positive impact for business travellers.

Business travellers, in a new world of hybrid working, are continuously calculating where they can most effectively spend their time. They are more keenly aware of 'dead time' caused by delayed or cancelled trains. Improvements to Wi-Fi connectivity on inter-city trains, which are a step forward, remain elusive elsewhere on the network – and even those networks that do exist are often temperamental. The availability of on-board phone or laptop charging points and/or USB ports or tables are also inconsistent. For example, they are not available on Thameslink trains despite this service being a significant commuting and business travel service that runs through several key business destinations such as King's Cross, London Bridge, City Thameslink, Luton and Brighton – as well as both Luton and Gatwick Airports.

We would also recommend that any passenger watchdog includes a measurement of customer satisfaction levels during times of disruption. Whilst rail remains a popular mode of travel for business travellers, levels have not reached what they were pre-pandemic, standing at approximately 85% of September 2019 figures, whereas road traffic levels for the year ending September 2023 are just 2.7% below pre-pandemic levels. Our members have

explained that this is largely due to the uncertainty on railways and lack of consideration for the needs of a business traveller.

## **Fares, ticketing and retailing**

### **Questions 13 & 14**

***14. What, if any, safeguards are needed to ensure a thriving and competitive rail retail market while also ensuring GBR can deliver a high-quality offer to its customers?***

The BTA support the Government's ambition to simplify the fares and ticketing system and drive innovation across the network. The BTA has long been calling for rail ticketing reforms to help simplify the experience of travelling for business by rail.

GBR should recognise that business travellers have a different way of booking and different needs to leisure travellers.

Rapid strides in airline connectivity, with genuine competition between them about what can be offered to business travellers and which they strongly promote, have not yet become a significant feature in rail company marketing – those offers need to become the norm if rail services are to see a step change in quality.

Whilst rail remains a popular mode of travel for business travellers, levels have not reached what they were pre-pandemic, standing at approximately 85% of September 2019 figures, whereas road traffic levels for the year ending September 2023 are just 2.7% below pre-pandemic levels.

This is partly due to the cost of travelling and the complicated nature of the current ticketing process. For example, the cost of a return flight from London to Edinburgh is around £137 for a two-hour journey, whereas a return rail fare from London to Edinburgh arriving before 9am in time for the business day costs £151 and involves over eight hours of travel. Clearly, more needs to be done to ensure the rail system works for the everyday worker travelling for business.

As it stands, the multiple booking platforms with different functionalities create complexity across the booking process. The BTA is therefore supportive of the proposals to consolidate current train operator websites and apps into a single GBR retail offer over time.

However, it is vital that peak time rail costs are reviewed in this process, particularly on key business travel routes.

Furthermore, there is a need to ensure that improvements to booking technology include measures such as:

- Travel disruption push notifications integrated with booking tools
- Simplified and consistent fare rules across operators
- Better advance notice of timetable changes
- Ticket flexibility during disruptions
- Seat maps across carriers
- Train loading data at booking time

- Delay Repay management should be available via original business to business retailer

In order to ensure a thriving and competitive rail retail market - whilst also ensuring GBR can deliver a high-quality offer to customers - it is key that the interests of both business and leisure passengers are clearly acknowledged and addressed through further consultation with industry.

The BTA believes that the Great British Railways (GBR) should recognise that business travellers have a different way of booking and different needs compared to leisure travellers. As such, the BTA believes there is a need to implement better commercial agreements between Travel Management Companies and rail operators.

As it stands, the complex fare structure, including split ticketing, creates confusion and challenges in demonstrating value for business travellers. To ensure a thriving and competitive rail retail market, consideration needs to be given to implementing fixed outbound or flexible return products for the business travel market.

Modelling conducted by Blackbox Partnerships on behalf of the BTA demonstrates that introducing a standard premium fare to the top five business travel routes would not only promote the purchase of higher yield tickets by 40% to support both flexibility, peak time travel and productivity but also contribute approximately £34,993,296 in GVA.

On average, business travellers contribute more revenue to the railways per journey than leisure travellers. Whilst business to business travel represents c10% of industry sales, each journey leg generates 4.7 times more revenue compared to that of leisure travel. On revenue market share alone, the business travel industry therefore has the potential to account for over 47% of industry revenue. However, 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, which increased by 66%.

In order to effectively, tap into this opportunity, it is key that the GBR retail market explores commercial models that would support TMCs.

## Devolution

**Question 15: The government intends that GBR's statutory duty in relation to devolved leaders should strike a balance between enhancing their role whilst also ensuring that GBR has the appropriate flexibility to direct the national network. Do you agree with this approach?**

The Business Travel Association supports the intent to enhance the influence and scrutiny function of devolved administrations and Mayoral Authorities within the reformed railway system, while maintaining a national strategic framework.

Currently, there is little strategic national or regional planning that provides consistent consideration for business travel, despite its importance to the UK economy. 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.

We believe GBR can play a coordinating role that ensures that every devolved region and nation reliably links major business travel hubs to regional and national networks. By having a strategic transport plan we could ensure, for example, that a business traveller in the East Midlands could travel easily and sustainably to the nearest airport by train.

An example of how GBR could coordinate national and regional interests is in ensuring that key gaps in business travel networks are plugged. For example, there is currently no direct public transport option between Bristol Parkway Station and Bristol Airport, and the Luton DART only opened in March 2023 – before which travellers had to get a shuttle bus between the station and terminal. Driving down costs for business travel is also an important factor which GBR should consider. For example, Luton DART passengers are required to pay £4.90 each way for a 1.3 mile journey – thought to be the most expensive train journey by distance in Britain – more than the cost of a return journey on the shuttle bus service that it replaced.

The BTA is supportive of the Sustainable Rail Blueprint, developed with industry and Government, which highlights the importance of “putting rail at the heart of communities.”

However, there are questions about the form in which this statutory role for devolved and Mayoral Strategic Authority networks will take in practice.

To ensure effective collaboration between GBR and regional bodies, both GBR and devolved bodies have to be clear about how decisions are made and the points at which consultation needs to take place on upcoming decisions. This needs to be clarified for decisions around day-to-day operation of the railway network, as well decisions to build new railway infrastructure.

The BTA recommends that clear structures are created in order to define responsibilities of devolved authorities, whilst allowing for local flexibility in service delivery.

Finally, the BTA supports the proposals for devolution but it is critical that both local and national Government work together to deliver a multimodal strategy that considers the needs of business travellers beyond the railway. One example of this could include the introduction of single ticket orders for rail and train.

It is also pivotal that any proposals recognise that whilst touchless travel is welcome, local and national authorities must engage with the business travel sector before implementation. Travelling for work needs to be co-ordinated by third parties such as Travel Management Companies to ensure the needs of UK businesses are met from duty of care tracking, budget management and travel policy requirements.