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A summer discount on family days out sounds good, but it won't fix UK tourism

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The long summer holidays can be an expensive time for families. The cost of day trips to theme parks or zoos or soft play centres quickly adds up.

Discounts sound like a good idea. So this summer, the UK government has slashed the VAT rate from 20% to 5% on admission to a wide range of family activities.

They've even given the policy a catchy name: Great British Summer Savings, and in theory, a family could save a decent amount.

If a business passes on the full reduction (they are not legally obliged to), the Treasury says a family of four could save around £20 on theme park tickets for example. The temporary discount, which lasts until September 1, also applies to children's meals in restaurants.

According to other estimates though, the cut, which will cost the Treasury around £300 million, could be worth just £10 per household. So critics could easily dismiss the whole idea as a not very impressive gesture with an expensive price tag.

But the ten-week VAT drop is also designed to help struggling hospitality businesses, thousands of which were forced to close last year.

Wage rises and changes to national insurance and business rates introduced in April 2025 added an estimated £3.4 billion a year to sector costs. And against that background, a temporary VAT cut can make a difference.

It lowers prices and can improve cash flow by giving attractions a simple message to advertise: this summer's day out should be cheaper.

But the policy also demonstrates a weakness in the UK's "visitor economy" – the money generated by people visiting a place for business or pleasure.

Spending on things like accommodation, transport, and food and drink can be a key driver of local economic growth. But when it comes to encouraging visitors to enjoy British hospitality, the UK is not strong. It ranks 113th out of 119 countries for price competitiveness.

So Britain's problem is bigger than being an expensive place to entertain children in the school holidays. And perhaps the whole hospitality sector needs either a permanent VAT reduction, or a better-targeted seasonal cut, to provide it with a long-term boost.

My research used economic modelling to compare year-round VAT reductions to shorter periods. It asked a straightforward question: does the extra business activity created by a tax cut justify the reduction in tax revenue?

Using an economic model to predict effects in the English county of Dorset, a popular tourist destination, the year-round options did increase tourism activity and employment. But the benefits did not outweigh the cost.

Targeting the relief from November to March performed better. It came much closer to breaking even and significantly reduced the government's losses.

The central lesson was simple. Timing mattered.

Tourism and timing

The current scheme being run by the government is in place when demand for family leisure is usually strong. Some of the households now planning a trip to a theme park this August may well have done so without a tax cut.

In those cases, the policy makes an existing day trip cheaper, but it does not create a new visit. A lower price is more likely to change behaviour when attractions have spare capacity and families are deciding whether a trip is worth making at all.



Dorset in winter. Chris Button/Shutterstock

Attracting people to a popular attraction in the summer holidays is not the same as persuading them to visit in the middle of winter.

During quieter months, hotels, attractions and restaurants have unused rooms, tables and space. Extra visitors at those quieter times can make a big difference. In peak season, the same discount may simply reduce the price paid by people who were planning to come anyway.

A ten-week summer cut will not fix Britain's visitor economy. But it creates a quiet precedent: the government has accepted that the VAT rate can change when there is a reason to change it.

The next step should be a more strategic approach, one that supports competitiveness but concentrates relief where spare capacity and price-sensitive demand give it the best chance of creating genuinely additional visits.

The government should not limit itself to saving some families a few pounds on a summer day out. A more ambitious approach would be to use a well-timed VAT cut to persuade those same families to make a trip they were not already planning, to a half-empty attraction in February.

Siamand Hesami

Lecturer in Accounting and Finance, Bournemouth University

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