



Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
The Correspondence and Enquiry Unit
1 Horse Guards Road
London
SW1A 2HQ

Cc Secretaries of State at DBT, DCMS and DEFRA and Minister Thomas at DBT

9th November 2024

Dear Chancellor,

As leaders of hospitality businesses, we are compelled to highlight our grave fears about the impact of the Budget, particularly relating to the Employer NICs threshold. Alongside the changes to the national minimum wage levels this will cost hospitality – at a conservative estimate - £3.4bn a year.

It is worth noting that the UK already has amongst the highest minimum wages, hospitality VAT rates and business property tax levels in the world.

We recognise the fiscal and economic challenge that you face: you are steering the economy at a moment of profound difficulty, and you have our support in doing so.

However, the changes to the NICs threshold are not just unsustainable for our businesses, they are regressive in their impact on lower earners and will impact flexible working practices which many older workers and parents rely upon. Unquestionably they will lead to business closures and job losses within a year.

The increase in employer contributions would have been damaging enough but changing the threshold is worse. Hospitality – from high street venues to the tourist and leisure economy and our catering sector – employs large numbers of part-time and lower earning employees. The threshold change brings many team members into Employer NICs for the first time. We estimate the threshold change may be four times the cost of the new headline rate.

Furthermore, it is regressive: a person earning £100,000 will see their Employer NICs level rise by a relatively modest 13.6%, whereas a person earning £25,000 will see a 36.7% rise, and a part time worker on the minimum wage will see a 74.5% rise. Lower earners' wages will rise more slowly as a result, and some jobs on the minimum wage will become unviable.

There is no capacity to pass the costs onto customers. Businesses would be reluctantly forced to raise prices by 6-8%, fuelling inflation, yet could not realistically do so as our customers are at the end of their ability to pay more. Instead, many businesses would have to reconsider investment and drastically cut jobs and reduce the hours of team members. Contract catering, a significant part of our sector, would struggle to meet important public sector catering contracts for schools, hospitals, and prisons.

Without action, many businesses will be forced to reconsider their growth plans, and many smaller venues may be at risk of closure, risking future job creation in communities up and down the country.



We know you are determined to ensure that growth is available to all. Yet this change to NICs does the opposite, balancing the books on the backs of the businesses which provide jobs to all in society, nationwide, while sparing businesses that used technology to shed jobs. We therefore ask that you consider measures to protect businesses who employ lower earners, by:

1. Creating a new Employer NIC band from £5,000 to £9,100 with a lower rate of 5%; or
2. Implementing an exemption for lower band taxpayers working fewer than 20 hours per week, targeting support for part-time and lower-paid workers.

In the meantime, in-year mitigations, such as bringing forward the business rates reform to April 2025, and/or reversing the last temporary increase in VAT from 17.5% to 20% to help businesses to survive.

We understand that these proposals come at an immediate financial cost, but we are absolutely firm in our belief that the lost growth potential which would result from inaction would be substantially more expensive, for the economy, for society and for the public finances.

Kind regards,

A handwritten signature in dark ink, appearing to read 'Kate Nicholls'.

Kate Nicholls, CEO, UKHospitality

Industry leaders:

Business name

Azzurri Group
Bourne Leisure
Crerar Hotel Group
Elior UK
Fuller, Smith & Turner
Glendola Leisure Group
Mitchells & Butlers
MW Eat Ltd
Parkdean Resorts
Stonegate Group
The Revel Collective
Trispan (Rosa's Thai, Pho, Mowgli and Thunderbird)
Whitbread
Abokado
Advocate group
Agility Marketing
All Our Bars Limited
Anglian Country Inns
ANS Hospitality
Apex Hotels Limited
Arc Inspirations Limited
Bailiffscourt Hotel & Spa
bartlett mitchell LTD
Beer and Buns Limited
Best Western Claydon Hotel

Signatory name

Steve Holmes
Paul Flaum
Chris Wayne-Wills
Julia Edmonds & Claire Small
Simon Emeny
Alexander & Peter Salussolia
Phil Urban
Ranjit Mathrani
Steve Richards
David McDowall
Rob Pitcher
Robin Rowlands
Dominic Paul
Mark Lilley
Paul weeks
Anita Waddell
Paul Wigham
Cliff & James Nye
Alistair Sandaall
Angela Vickers
Ciara Allan
Pontus Carminger
Angus Brydon
Maurice Abboudi
Khurram Saeed



Bidfood UK	Andrew Selley
Big Table Group	Alan Morgan
Bistrot Pierre	Nick White
Bleeding Heart Restaurants	Robert Wilson
Blunsdon House Hotel Ltd	Chris Clifford
Bone Daddies Ltd	Steve Hill
Brewhouse and Kitchen	Kris Gumbrell
BWH Hotels	Tim Rumney
BWH Hotels GB	Russell Imrie
Calcot Health and Leisure Limited	Paul Sadler
Castlewood Hotels	Daniel Sangiuseppe
Chopstix Group	Jon Lake
Clayton Hotel Glasgow	Hazel Galloway
Congham Hall	Nicholas Dickinson
D&D London	David Loewi
da Vinci Hotel	Paul Metcalf
Dart Marina Hotel	Paul Downing
Drake & Morgan	Jillian Maclean
Eastbourne Reymar	Nick Samuels
Empire Hotel Llandudno	Elyse Waddy
English Lakes Hotels, Resorts & Venues	Matt Stanaway
ETM Group Ltd	Ed Martin
ETM Group Ltd / Maven Leisure Limited	Landen Prescott Brann
Exclusively Eastbourne Holiday Homes	Carl Stanger
G C Mallen & Co	Garry Mallen
Glasgow Grosvenor Hotel	Michael Balman
Gravetye Manor Hotel & Restaurant	Apal Shah
Greater Glasgow Hotel Association	Janice Fisher
Greene King	Nick Mackenzie
Gusto Pronto	Roxane Marjoram
Harbour Hotels Group	Michael Warren
Harrison Catering Services Ltd	Claire Aylward
Heartwood Collection	Chris Guy
Hippodrome Casino Ltd	Simon Thomas
Historic Sussex Hotels Ltd	Pontus Carminger
Hospitality Ulster	Colin Neill
HwS Ltd (Pizza Hut Restaurants)	Jens Hofma
Hyatt Hotels UK	Arnaud de Saint-Exupery
Hyatt Place Heathrow	Stephen Brown
Hyatt Regency London - The Churchill	Georges Moura
IHG Hotels & Resorts	Joanna Kurowska
International Golf & Resort Management Ltd	Michael Longshaw
JD Wetherspoon	John Hutson
JXL Ltd T/A Jump Xtreme & That Fun Place	Cliff Nicholls
La Gaffe	Lorenzo Stella
Lavval Restaurants Ltd (t/a Spaghetti House)	Isabel Montes de Oca
leaf HOSPITALITY	Richard Farrar
Legacy Hotels & Resorts Ltd	Andy Townsend
Livelyhood Venues Ltd	Emma Semple
Loungers	Nick Collins
Lucky Voice	Charlie Elek
Malmaison and Hotel du Vin	Scott Harper
Marston's PLC	Justin Platt
Menagerie restaurant	Karina jadhav



Milsom Hotels and Restaurants	Paul Milsom
Nelson Hotels	Andrew Nelson
Netherwood Hotel and Spa	Rachael Tise-Tigwell
North Shore Hotel and Golf Club	William Mitchell
North Wales Tourism Ltd	Jim Jones
Nusa Kitchen	Karen Cunningham
Oak Taverns Ltd	David Collinson
Oakman Inns	Peter Borg-Neal
Oaxaca Ltd	Mark Selby
Only A Pavement Away	Greg Mangham
Paris Baguette UK Co., Ltd	Nicolas Gaillot
Patrick Marrinan	Patrick Marrinan
Petwood Hotel Ltd	George Kane
Port Kitchen at Shoreham Port	Polly Child
Poste Hotels Ltd	Michael Evered
Reignite Purpose	Stella Amor
SCHLOSS Roxburghe Hotel & Golf Course	Bruno De Schuyter
Sidmouth Hotels & Inn Ltd	Jo watson
St Austell Brewery	Kevin Georgel
The Genuine Dining Co.	Chris Mitchell
The Hand At Llanarmon Ltd	Jonathan Greatorex
The Lancaster Landmark Hotel Company Ltd	Marina Aleksandrovic
The Lovat Loch Ness Limited	Caroline Gregory
The Queensberry Hotel and Olive Tree Restaurant	Laurence Beere
The Restaurant Group	Andy Hornby
The Restaurant Group Concessions	Jonathan Knight
The Wellbeing Farm	Celia Gaze
The Wildhive Collection Limited	Charles Randall
Thunderbird Fried Chicken	Paul Gilchrist
Thurlestone Estates Ltd	Graham Grose
Thurlestone Hotel	Tim Hassell
Tortilla	Andy Naylor & Brandon Stephens
Tossed	Neil Sebba
Town & Country Collective	Fred Hitchcock
UKHospitality Cymru	Dave Chapman
UKHospitality Scotland	Leon Thompson
Vacherin	Phil Roker
Valiant Pub Company	Gerry Carroll
View Hotel Eastbourne	Matt Huddart
voco Grand Central Glasgow	Marcello Ventisei
Wahaca	Mark Selby
Wasabi	Henry Birts
WH Pubs Ltd	Brian Keeley-Whiting
WT Hotels Ltd	Shaun Whitehouse
YHA (England and Wales)	James Blake
Young's	Simon dodd
Z Hotels	Rosamund Young