



The Rt Hon Keir Starmer MP
Prime Minister
10 Downing Street
London
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4 July 2025

Budget 2025: Creating jobs and shrinking the benefits bill

Dear Prime Minister,

I am writing following this week's debates about how to reduce the welfare bill, and in the context of new data about the impact of last year's Budget on job creation.

These events have once again shown the urgent need for a form of growth which creates jobs that are accessible to everyone in society, and in all regions. That is now an economic, moral and social imperative.

The economy needs jobs. Hospitality creates them. In the years following the financial crisis we created one in five net new jobs and today employ 3.5 million people. We provide routes into jobs and training for everyone that are simply not replicated elsewhere in the economy. We are a leading creator of part time jobs, first jobs for young people, older people and people returning to the jobs market. And unlike many of the Industrial Strategy sectors, we are creating growth across the country, not just in major cities but in towns and rural or coastal communities

This is why the Budget was so socially regressive. In the months following the Budget we lost 69,000 hospitality jobs. This is not a question of cyclicity. In the same period the previous year we gained 18,000. It is unsustainable to regressively tax entry level jobs while at the same time seeking to shrink the welfare bill.

In that context I am proposing that this year's Budget aim to reverse the job losses of the last few months. I will write to the Chancellor with wider proposals for how that can be done, but I wanted to specifically propose that your government address the damage of the changes to employer NICs which have already had a more severe impact than the OBR projected.

We believe that the impact can be partly mitigated by extending the under 21 exemption to include both under 30s and people returning to work after a year of unemployment. That would align with your goal to bring people into work and reduce the benefits bill. Historically, governments have used NICs as a lever to encourage job creation. This is a proven way of creating jobs.

Every job we create is a reduced benefit bill, and an increased tax base. I recognise and respect the fiscal challenge your government is facing. It is in this context that I encourage your government to place accessible jobs at the heart of your strategy for growth and fiscal consolidation.

I look forward to discussing this and other changes which can shape growth in jobs as we work together in advance of the Budget.

Yours sincerely

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

Kate Nicholls, OBE

Chair, UKHospitality