All Party Parliamentary Group for Hospitality and Tourism

Meeting of the Hospitality and Tourism APPG

Room U, Portcullis House, 13.10.2026, 2:30-3:30pm

Minutes of meeting

Attendees

Parliamentarians

Chris Webb (Chair)	Labour	Blackpool South
Caroline Voaden (Vice-Chair)	Liberal Democrats	South Devon
Nigel Huddleston (Vice-Chair)	Conservative	Droitwich and Evesham
Office of Rosie Duffield	Independent	Canterbury
Office of Sarah Edwards	Labour	Tamworth
Office of Gill German	Labour	Clwyd North
Office of Andrew Ranger	Labour	Wrexham
Baroness Neville-Rolfe	Conservative	House of Lords

Secretariat

Luke Cheadle	UKHospitality
Ruby Sampson	UKHospitality
Lily Painter	UKHospitality

Observers

Josh Engleman	Senior External Communications Manager, Butlin's
Helen Hill	Policy and Public Affairs Manager, Visit England/Visit Britain
Mandy Belnick	Head of Communications and Engagement, Tourism Alliance
Professor Stroma Cole	University of Westminster

Panellists

Gemma Glasson	CEO	Wahaca
Peter Reynolds	Investor Relations Director	Whitbread
Jon Hendry Pickup	CEO	Butlin's

Tom James	CEO	Bill's
Eddy Leviten	Executive Director	Tourism Alliance
Allen Simpson	CEO	UKHospitality

1. Introduction and welcome

Chris Webb MP, (CW), Chair, welcomed attendees to the meeting, saying that with the Budget just over two weeks away, he wanted to bring together some of the country's leading hospitality and tourism businesses to hear directly about the challenges they're facing and what the Government can do to support the sector.

CW said that from speaking to businesses in Blackpool, he has heard how difficult the last few years have been for businesses and is sure other MPs will have had similar experiences.

CW set out that rising costs, taxation and pressures on consumer spending are making it increasingly difficult for businesses to invest and create jobs. He also said that that's it's important to focus on the opportunities hospitality brings. Hospitality and tourism are central to our high streets, town centres and local economies. They're among our biggest employers of young people, providing opportunities for people to get their first job and develop their careers.

On youth employment, CW said that he believes that hospitality is the silver bullet for solving our NEETs crisis and to help young people out of unemployment and back into work in a steady path which also benefits hospitality.

CW outlined the agenda of the session, explaining the purpose as wanting to understand what changes would make the biggest difference to businesses and how the sector can play an even greater role in delivering growth across the country. He announced his plans for the evidence from the session to help inform a letter to the Chancellor ahead of the Budget.

CW introduced the panellists and handed over to Gemma Glasson.

2. Panellists

Gemma Glasson, (GG), introduced herself as CEO of Wahaca and started by saying she had been at the business for 9 years.

GG explained that Wahaca have 13 restaurants throughout the UK and have 10 in London, Edinburgh, Cardiff and Brighton. The businesses started 19 years ago from the ethos that you can growth a truly sustainable restaurant group that puts people and the planet at the core of its success.

GG spoke about how Wahaca employs 541 people across their restaurants and tries to provide an environment where employee can be enriched and thrive. Wahaca provides staff with a range of benefits from free meals to English lessons for those that need them and wellbeing support. Wahaca have structured training programmes and half of new managers in the last year were internal promotions. Staff turnover is low with the average tenure being 3.5 years which is a very high length of service in the hospitality industry. GG reinforced that Wahaca invests in learning and a culture of pride and trust in employees.

GG discussed how the operating environment of the past few years has been incredibly challenging driven by a cycle of inflation, regulation and cautious consumer sentiment. Consumer confidence has impacted the volume of people who come into hospitality and how frequently they visit and highlights sensitivity to price changes in businesses. GG expressed that this has created a vicious cycle for businesses trying to hold the top line together. GG spoke about evidence from the Monetary Policy Committee that since Covid price elasticity has grown from 1:1 to 1:4.

GG moved onto to discuss changing consumer behaviour which has come from the cost of living, with the most significant reductions in areas which are not occasion led like lunchtime and dinners out, with most sensitivity in areas like Cardiff and Brighton. GG said that inflation is eroding margins and set out the following statistics. In the last 3 years, labour charge has increased by 30% at Wahaca and prices have increased by 12% to offset part of this. Labour runs at 38% of sales taking out VAT, which is high in the industry, driven by heavy kitchen labour and people led hospitality service led style.

GG expressed how Wahaca are proud of their 4.6/5 Google rating and that their customer experience is positive, but this does not necessarily translate into volumes to make the model work. A cut to 10% VAT would mean they would look to reduce their menu pricing, and this was done during Covid and again more recently, this summer as part of their Value-Added Taco campaign to educate customers on the VAT's The Problem campaign.

GG concluded by asking the parliamentarians to back hospitality, business like Wahaca and the VAT's the Problem campaign which will level the sector up compared to other industries and address the way consumers now use hospitality in 2026, which has changed to be far more limited, occasion led moments. GG asked for acknowledgment of the sector's work in driving jobs and training especially people entering the workforce and those seeking flexibility. Hospitality may not be as big in terms of productivity, but the sector has the scope throughout the UK, in cities and villages, big and small to bring investment everywhere.

Peter Reynolds, (PR), thanked the APPG for the opportunity to represent his case and introduced Whitbread as the parent company of Premier Inn which owns 840 hotels across the UK and most MPs will have at least one Premier Inn in their constituency. Whitbread makes significant investments across the UK and employs around 30,000 people paying above the minimum and national wage.

Whitbread offers people a career path to acquire new skills to build a new career in hospitality. PR explained that as big employer they have been facing a number of challenges over the past few years, including above inflation increases in the national living wage, and the sharp rise in the Employer NIC contributions, but the number one challenge has been business rates.

PR discussed the impact of the last Budget with many companies facing steep rises in the rates bills due to the unwinding of previous relief at the same time as the revaluation for the new rates cycle. from 2026-29.

PR stressed that while there has been a lot of focus on pubs and retailers, rates changes have disproportionately impacted hotels with the average hotel seeing their rates bill rising by 115% this cycle. This is more than pubs face and well beyond the 16% faced by warehouses used by online retailers. Whitbread's rates bill will rise by £100 million by 2029, which is an increase, not the absolute level and, together with the increase in employment costs, amounts to a third of Whitbread's profits last year. PR reinforced that even a big business like Whitbread,

cannot absorb such a rates bill increase. This has meant Whitbread have been forced to cut future investment in the UK by £500 million over the next 5 years. This has made several sites unviable leading to several investment projects being withdrawn and local jobs have not been created as a result. Whitbread has also announced the closure and sale of all of its remaining branded restaurants which meant the loss of nearly 4,000 jobs.

PR raised the issue that rising rates are already having an impact on investment and jobs and that is happening now. Because of how business rates are designed, Whitbread's bill will increase every year until 2029, meaning the changes will impact businesses today and will continue to do so for the next three years.

PR welcomed the review into rates for pubs and hotels but said that this is explicitly for the next rates cycle, i.e. from 2029 onwards, which will be too late, and businesses are already being forced to change investment plans.

PR summed up by stating that Whitbread has one clear ask for the Budget, and that's for a cut in the rise in rates in the current cycle and to be effective this must not be for small businesses or small hotels. The viability of individual sites dictates investment plans, big and small alike. Whitbread wants to invest more in the UK and is proud of its record in the UK and puts investment into towns and cities across the UK which drives commerce, and create jobs, often for young people. PR gave the example that 1 in 5 of Whitbread employees are under the age of 25 and they have an ambition to recruit 10,000 more young people over the next 5 years. But this is only if the business environment allows them to invest and help to improve the current cycle of business rates is vital for job creation.

John Hendry Pickup, (JHP), thanked the APPG for the opportunity to speak and introduced himself as the CEO of Butlin's and echoed the sentiments shared by PR as equally applying to Butlin's as a business model, giving the example of Butlin's having 211% overall rates increase.

JHP went onto to discuss the holiday tax and started by saying that his first job was in hospitality at the age of 13 and he is proud that hospitality remains the biggest employer of young people. In the three areas where Butlin's are based, the business is the biggest employer of young people, and these are areas that require a degree of social mobility, opportunity and hope.

JHP set out how he would be speaking about the holiday tax in three themes, impact on guests, administration burden and lastly, design and implementation.

JHP stressed that the holiday tax is a tax on UK families travelling in and across the UK and not just landing on international tourists. Butlin's has 1.5 million guests staying every year which is split into school holiday breaks, term time pre-school breaks and big weekenders for over 18s. JHP said that the holiday tax will hit the people that can't afford it the most, therefore making those families struggle to afford a break.

JHP moved onto to discuss the independent data from Oxford Economics which said that 5% levy would cost 33,000 jobs across the sector and potentially £2 billion worth of income. PR used the case study of how about 40,000 guests last year booked £49 breaks for 4 nights for a family of 4. These high value breaks are used by families that cannot stretch their expenditure, and they will be the people who do not to come to Butlin's if the tax is introduced. JHP referenced the Chancellor's comments about the cost-of-living crisis and how this tax does the opposite of ensuring that everyone can afford a summer holiday.

JHP went onto to discuss the wider impact on the visitor economy as people who holiday at Butlin's do not stay in Butlin's but go and spend money in shops and local restaurants and businesses.

JHP pointed out that the statement that the holiday tax puts us in line with Europe is disingenuous and the hospitality sector in the UK is already taxed higher than our European competitors and those countries that use a holiday tax, generally don't have VAT at 20%. For example, Barcelona brought in a tourist tax especially to reduce tourism, not encourage it.

PR highlighted the existing pressure coastal tourism is already under and referenced the Visit Britian data which show an already 18% drop year on year in visitors to coastal communities and the possibility of 33,000 further job losses will harm these areas more acutely.

On administration, PR said how the idea of every area working on a different rate, whether that's a mayoral or local authority choice, the choice to implement a holiday tax at all and the issue of exemptions, will pose difficult barriers for businesses. With new mayors emerging, it is more difficult for businesses to plan their investment choices when they don't know an incoming mayor's position on a holiday tax. Businesses work on a 5-year planning cycle, and this makes it very difficult for long term planning if new taxes may or may not be implemented.

Eddy Leviten, (EL), introduced himself as Executive Director of the Tourism Alliance, who represent more than 60 trade associations across the visitor economy, covering accommodation, attractions, inbound and outbound operators, coach, rail, events, destinations and the rural sector.

EL spoke about how the UK's tourism offering is worth £147 billion a year, 2.4 million jobs and returns £52 billion in tax. The UK is one of our largest exports and is one of the few that creates jobs in every constituency, including the coastal and rural seats. The Government has set a target of 50 million international visitors by 2030. The TA backs that target, however under on current policy the UK will miss it.

EL outlined how the UK is losing its share of the international market saying that Visit Britain has forecast 44.2 million inbound visits this year and £33.9 billion worth of spending. It also forecasts that the UK will lose market share, because arrivals to Western Europe are growing faster than arrivals here. El said this because of price.

EL explained that the World Economic Forum ranks the UK 106th out of 110 countries for price competitiveness. He pointed out that a couple in a three-star hotel pays around £26 a night in direct tax here, against an EU average of about £16. We are the only major European destination that charges 20% VAT on accommodation; France, Spain and Italy charge 10%, Germany 7%. EL said that on top of that we have doubled and then raised the Electronic Travel Authorisation fee, and the UK charges the highest aviation tax in Europe, no longer has tax-free shopping, and a proposed overnight levy. EL spoke about while each decision was taken separately by policy makers the visitor only sees one price at the point of booking.

EL summed up by saying that each panellist has spoken about one tax. For a tourism business they are not four separate issues. VAT, business rates, employment costs and a levy all land on the same investment decision: can this business price competitively, staff properly, keep quality up and reinvest in its destination. The answer in too many places is no. Coastal breaks were down 18% year on year, domestic coastal spend fell 7% last year, and visitors are booking later, staying for shorter trips and spending less. EL reinforced that businesses are not asking for subsidy. They are asking for a tax system that doesn't price them out of their own market.

EL said that it is young people who feel it first. Many panellists have mentioned that tourism gives a lot of people their first job, often seasonal, often in a coastal or rural town where there isn't another employer offering one. When a business cuts hours or drops a season, that entry-level role is the one that goes. The TA wants the Budget to support job creation, not work against it.

Lastly, EL said that the proposed levy is not a holiday tax. It falls on every overnight stay: the business traveller, the contractor, the family visiting relatives, and the inbound visitor we are trying to attract. If strategic authorities get this power from April 2027, the design matters more than the principle. EL confirmed the sector needs the following requirements for the levy to not harm growth: assess the local impact first, one national framework, not a patchwork, ring-fence every pound in statute, and fix the VAT-on-levy problem so a tax is not charged on a tax.

TA's asks for the Chair to put to the Chancellor were:

- Reduce VAT to 10% on accommodation, attractions and events, alongside hospitality. If the whole package is unaffordable, start with businesses under £1 million turnover and remove the registration cliff-edge.
- Review the cumulative cost of visiting Britain: ETA, visa fees and APD together, with a share of ETA revenue reinvested in VisitBritain's inbound marketing. VisitBritain returns £20 for every £1 spent; its core grant has not kept pace with inflation.
- Reinstate the Business Events Growth Programme, which returned £35 for every £1.
- Publish the Visitor Economy Growth Strategy with targets, delivery bodies and a tourism impact test, so no department can take a decision on visas, APD or rates without assessing the effect on visitors.

Closing, EL said tourism is a growth sector the Government already says it wants. It needs no new spending to grow, only a tax system that lets it compete.

Tom James, (TJ), introduced himself as CEO of Bill's and said he would use this opportunity to highlight the work he was doing with the Hospitality Sector Council. The Council represents the hospitality sector and is split over 5 key working groups: high streets, jobs and skills, innovation and sustainability and tax burden.

TJ spoke to a paper the group has been working on, setting out where the sector is alongside solutions which are ranked in terms of their impact. TJ said some of the headlines from the paper were: 69,000 profit & loss documents from pubs and restaurants and seeing the collapse in margins from 2021 to today from 85% to 19% showing clearly the state the industry is in, with nothing left to invest and grow the sector.

Some further headlines were employment costs up 27% on a sector and 18–20-year-old pay rates are up 65%.

On business rates, TJ said, businesses were hit twice by revaluation and inflation, with current relief being appreciated but bringing no certainty for the future. A survey of the April 2025 changes including NICs changes and National Minium wage shows that 51% of businesses cancelled investment and 64% cut jobs.

From Bill's perspective, the strategy completely changed, 12 opening had been planned for 2025 and that reduced to 3 as the model wasn't sustainable in small regional locations. Every new opening represents 100 new jobs.

In terms of solutions, TJ said the fastest growth lever is a VAT cut, but exploring other options includes restoring the £9,000 threshold for staff under 25 hours, delaying the 18-20 pay equalisation, to 2034 which removes the barrier to employ young people which traditionally the industry has been people's first job. The 20p rates discount held to 2031 as a long-term assurance for business.

High streets are run on food, drink and leisure and 1 in 5 businesses on the high street are hospitality and the sector is the anchor for a successful high street. If you lose that anchor, fewer people come in and creates empty less safe high streets. TJ said an option is the High Street Revival plan which has worked well in Swansea, addressing vacancies and helping high streets.

TJ said a key takeaway from the paper is that while the current rate of closures continues, we cannot see the tax burden increase, without impact.

Allen Simpson, (AS), Chief Executive of UKHospitality, thanked the room for their contributions and said that regardless of the different shapes and size of hospitality businesses and their geographical spread, the challenges are essentially the same.

AS confirmed that the sector is facing a tax problem, while other issues intervene like energy, the self-inflected tax problem is the main issue. AS said that according to Flint Global the hospitality sector is facing an 82% rate of pre-tax profits and retail is 72% and all eleven main sectors of the economy face on average 52%. AS said that without significant changes at the Budget the sector could possibly see a further 300,000 job losses on the high street very quickly. The Chancellor has said the 2026 Budget will be a breathing room Budget, unless this is interpreted as reducing the tax burden on the sector, hospitality businesses won't be there to tax in the future.

AS summed up the key asks of the industry: VAT the simplest lever for growth of the industry and said that the uptick in business opening in Ireland since they cut VAT has reduced the net cost of the VAT cut. AS said, he will be shortly going to Number 10 to hand in a 400,000 petition to cut VAT showing the support the campaign has by consumers and businesses. Business rates are fundamental problem for the sector and the example of an 110% increase for hotels in horrific, and unaffordable. AS reinforced that the NICs changes are directly socially regressive with those that earn the least being impacted the most. AS reinforced that devolution is not the problem, but the sector is being told that its tax revenue will be devolved and that there is an extra tax. There are two scenarios: an over £100 increase in the price of holidays meaning some families cannot come or those that still come do not spend that £100 in the local economy, either on fewer meals out or visitor attractions.

On youth employment, AS said that as a result of Government policy there will be more NEETs created despite Government pressure for the sector to help employ more NEETs.

3. Q & A

Nigel Huddleston MP asked about Wahaca's trial of Valued Added Tacos and whether it led to more sales.

GG said the campaign was a marketing campaign to increase awareness of VAT as a barrier, and she would share figures later with the APPG. During Covid when VAT was cut, Wahaca gave the cut all to customers via a price decrease and subsequently there was a large volume increase in consumers coming into hospitality venues.

AS said that even with a VAT cut to 10% the sector will still be materially overtaxed and the cut will mean businesses failures will go down. The Government needs to illustrate why an effective tax rate of 82% is correct for this sector.

Carolen Voaden MP asked about potential modelling on at what point reducing tax becomes neutral for businesses.

PR said the impact is huge as the hospitality sector takes a lot of people off welfare and into work, and the sector is the solution.

TJ said as part of the Hospitality Sector Council's paper forecast what would happen with no policy changes as well as different levels of growth rates across the next 5 years. The impact went across tax continuation, employment rates and NICs.

AS said the rate of neutrality is conditional as based on what else is happening in the economy and the price of other things, supply chains and conservatively the worse caser scenario the gross cost is £11 billion, and the best-case scenario is the money being returned to the Treasury. With implied costs reversed of unemployment, job losses and business failures, this makes the cost roughly £2 billion by year 4 to the Exchequer but high streets aren't empty and businesses aren't failing.

PR said when a new Premier Inn opens it generates around £4 - 5 million for the local economy per year.

CW said that he believes that the Treasury were looking at the impact of Great British Summer Savings scheme on consumer confidence, high streets and businesses revival.