



**UKH**  
UKHOSPITALITY

# Serving Britain

CREATING PLACES WHERE PEOPLE  
WANT TO LIVE, WORK AND INVEST



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# Foreword

Hospitality is a powerhouse that contributes £140 billion in economic activity and £54 billion in tax receipts to the economy every year.

It is an inclusive employer of 3.5 million people, providing jobs for everyone, everywhere from first jobs to routes into leadership and skilled careers across the country and society. It builds – and rebuilds – communities, acting as an economic and social focal point for regeneration.

It is one of our largest services exporters with more international sales each year than the entire food and drink sector – and just as importantly underpins our appeal to global investors, who see a vibrant hospitality and culture economy as a major source of competitive advantage when choosing where to base their head offices. Economies are ecosystems, and hospitality is the foundation of our success in the highest productivity industries.

It sits as the foundation of wider public policy goals; from growth creation, to helping social mobility, to addressing issues

from health to personal safety.

*Hospitality creates places where people want to live, work and invest.*

That impact matters more now than ever. Governments across the West are considering how to create growth, widen opportunity, and move beyond the economic challenges of the last few years.

Hospitality can play a major role in our national renewal. We can serve as a catalyst for growth in every community not just in our major economic hubs. Given the right conditions, the sector could accelerate growth by 6% per annum over the next five years – six times higher than the overall national picture, creating 500,000 jobs in the first term of a new Government.

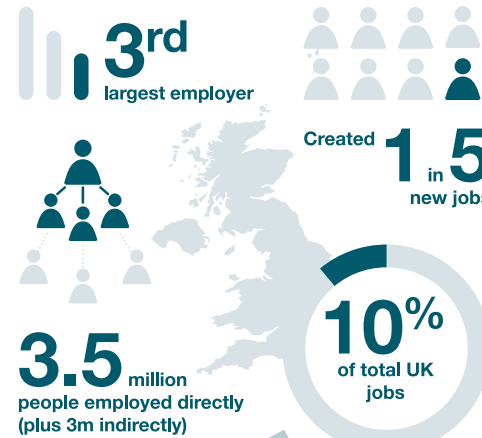
With the right investment from Government, we can turbo-charge our 'foundation economy' and set the industry free to do even more.

**Kate Nicholls OBE**  
Chief Executive, UKHospitality

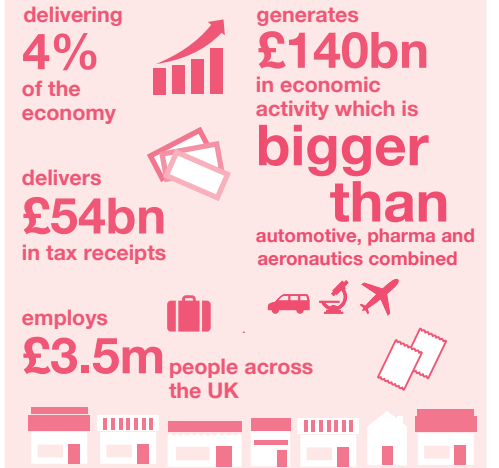
# UK Hospitality Industry Statistics



## UK EMPLOYMENT



## HOSPITALITY IS AT THE HEART OF THE ECONOMY



## PRODUCTIVITY



Invests **£7bn** pa in high streets and communities



Creates **£20bn** in exports through tourism spend



Our third largest export

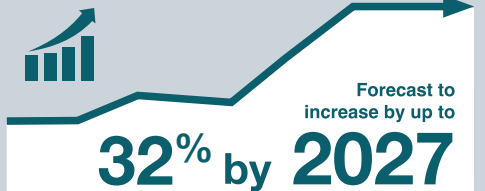
## WITH THE RIGHT CONDITIONS BY 2027 WE CAN:

Create an additional **500k** jobs

Grow by **6%** over the next five years

Add **£29bn** to the economy, spread across every region

**1%** compared to the wider economy





ONE

# Creating places where people want to live

Hospitality creates meaningful, vibrant communities where people want to live. Whether you're in a neighbourhood where the local community is the social focal point, you have a favourite cafe or restaurant, or you are in a major city surrounded by world class eating and socialising opportunities, hospitality nurtures and celebrates successful places.

## 1.1 REGENERATION

People want to live in **vibrant places** with cultural and social interests and an active public realm.

Successful urban regeneration schemes consistently have hospitality at their heart. Increasingly, local authorities are including hospitality and cultural provision in their development plans recognising that without hospitality community regeneration will be hard to achieve.

Hospitality creates social and leisure interest which act as a draw for residents and businesses to relocate to an area. As consumer behaviour changes, it is likely that successful community

centres like high streets will rely increasingly on hospitality and experience-led businesses in place of traditional retail.

There are both mature and new examples of this effect across the country. The redevelopment of Manchester City Centre demonstrates the lasting success of hospitality-led regeneration and has been described as *"a powerful emblem of this new Manchester"*, where hospitality is *"increasingly central to urban regeneration and place promotion schemes, woven into the experience economy."*

The success of wider Manchester urban regeneration investments, such as the Spinningfields development, builds on the city's success in developing an



attractive cultural and leisure economy.

Today, communities including Darlington, Aberdeen and Buxton are using investment in hospitality infrastructure as a way of driving both incoming leisure spend and their attractiveness as a place to live and work.

At the national level, the UK Government has recognised this trend through the creation of hospitality-led regeneration hubs as part of the High Streets Strategy.

One example is the redevelopment of Bootle in Sefton, where 60% of office space and a quarter of hospitality space was unused, as Covid and online shopping trends took

their toll. In 2023, Sefton Council and the Department for Business and Trade funded a project to use hospitality as a regeneration tool, creating a street food and events zone to bring economic activity back into the centre of Bootle.

The sector can also provide opportunities for local communities to become business owners, with over 22,000 new businesses founded in the sector every year.

Equally, the nature of employment in the sector means that it can provide accessible jobs with training opportunities within communities seeking to support those not in education, training or employment which is important to communities where job creation is a barrier to regeneration.



**“Cities that thrive will need to position themselves as places where people want to be – by virtue of their roles as engines of collaboration and innovation, the draw of their public realm, thriving neighbourhoods ... [and] their hospitality and leisure offers and their leading cultural and creative status.”**

**AN ECONOMIC FRAMEWORK FOR LONDON (2022)**



#### **Case study - Folkestone**

The Kent seaside town of Folkestone has been transformed through investment by a local charitable foundation which has turned the harbour arm into a vibrant hospitality and cultural space.

It houses permanent restaurants, food trucks and bars alongside space for watching major sporting events and small business retail. Many of the businesses along the harbour arm are small businesses owned by local people. An immediate effect of this investment in Folkestone has been a significant increase in

tourism visitors and spend, with a 10% increase in footfall in the five years to 2022, growing despite the pandemic. Investment has followed this increase in the visitor economy, with new dining options along with important investment in local hotels.

Employment in Folkestone rose from 73% to 83% of 16-64 year olds between 2012 and the start of the pandemic. In the longer term the success of the regeneration of Folkestone as a hospitality and leisure destination has led to the wider regeneration of the town including investment in new housing.



## 1.2 SOCIAL COHESION

People want to live in **cohesive places** with a focal point and a venue for social activity.

Hospitality has an important role as a steward of these spaces, whether through a pub acting as the centre of a village, or a venue in a larger town or city which provides a space for a community group or club to gather.

In some communities, the local pub, hotel, café or restaurant may be the sole remaining piece of community infrastructure which increases their social importance and broadens the way that communities use them. Many of these businesses have found creative ways to use their space to bring the community together, for example hosting events during the daytime for older people or making themselves available in the evening as centres for community groups.

The impact of losing these venues can be profound. The ONS estimates that 3.83 million people in the UK are chronically lonely, with young people particularly affected. Closure of hospitality venues can leave people without

'third spaces' where they can socialise and make connections. Research from the Local Trust suggests that a lack of places to meet such as community centres, cafés, pubs or village halls "makes a significant difference to social and economic outcomes for deprived communities. Deprived areas which lack these assets have higher rates of unemployment, ill health and child poverty than other deprived areas".

A YouGov poll commissioned in 2021 found that 66% of adults believe the closure of cafés, bars and restaurants during the pandemic caused a decline in mental health.

By contrast, an Oxford University study found that eating with people increases happiness and satisfaction with life, combats anxiety and depression, and strengthens relationships.



### Case study – talking about mental health

The independent pub operator Punch Pubs & Co has built on its strategic partnership with the craft brewer People's Captain to lead change in mental health in hospitality.

People's Captain was founded by Greg Bateman – a ex professional rugby player, after a struggle with his own mental health. They donate from a portion of their profits to mental health initiatives, including the mental health in rugby charity, LooseHeadz. Punch began stocking People's Captain beer to support

fundraising, alongside events in pubs to support the charity and encourage mental health discussions, and support for their own staff through the Licensed Trade Charity.

Since then, the partnership has forged the creation of a specific mental health qualification validated by MHFA England.

The goal of the partnership is to help publicans take care of themselves in the first instance and spot the signs of those around them needing support and to build on making their pubs safe and inclusive spaces for conversations about mental health.



## 1.3 SAFETY

Research over many years has found that vibrant, clean and well-invested areas lead to lower rates of crime and anti-social behaviour. Developing well-used local areas can lead to a sense of place and community, foster collective action from residents and businesses to help maintain public realms, lay foundations for creating busy localities and reduce low-level violence and crime. Hospitality businesses, and hospitality-led investment in areas are crucial in creating places where people can live and work safely across the whole day – with morning and afternoon venues providing spaces to attract and retain customers in local areas, and evening venues maintaining this sense of vibrancy into the night.

A sense of safety in a place is more complex than simply an avoidance of crime, as different groups within society will rightly have their own needs and expectations as to what constitutes a 'safe' public space.

That's why hospitality businesses work with a diverse range of stakeholders to deliver this, both inside and outside venues.

Hospitality businesses themselves are highly regulated venues, with legal obligations specifically focused on preventing crime, disorder and public nuisance. These businesses provide a ribbon of light through town centres; populated, safe paths along which which people can travel.

The sector has long recognised that to successfully deliver on running safe venues, it must go beyond legal obligations and engage with wider partners. Within venues, this includes recent work around tackling drink spiking and support for initiatives such as Best Bar None which was started in Manchester and National Pubwatch, enabling businesses to share information and tackle common issues with police, licensing authorities and others.

This responsibility does not stop at the doors, with schemes such as Street Pastors and Purple Flag ensuring those travelling to and from hospitality are safe and supported. A key focus on violence against women and girls is being driven by the sector's involvement in the Women's Night Safety Charter and how all hospitality businesses can contribute to safety in this area.



### Case study – Women's Night Safety Charter

The Women's Night Safety Charter is an initiative from the Mayor of London to improve the safety of all women in the night-time economy, whether staff or customers. It has now spread nationwide, and is a voluntary pledge from venues, operators, charities, councils and businesses which are actively trying to improve women's safety.

The charter sets out guidance via an online toolkit on how to meet the seven pledges that businesses and organisations sign up to, including training for staff, encouraging a culture of reporting harassment and ensuring public spaces are

designed to make them safer for women at night. UKHospitality, as signatory and Charter steering group member, is working to help hospitality businesses to develop safe spaces for women and girls travelling through public spaces at night.

Sarah Walker, Women's Night Safety Project Manager, Safer Business Network, said: "Hospitality venues are crucial partners in preventing violence against women and girls. Evening and late-night businesses have significant experience in ensuring the safety of their customers, and we are excited to be working with UKHospitality on bringing this to wider areas of hospitality and how they can best help keep women and girls safe at night."

TWO

# Creating places where people want to work

*Hospitality brings jobs for everyone, everywhere, regardless of their circumstances or what they are seeking from work.*

That makes hospitality a unique employer. It creates social mobility, providing rapid routes into leadership and skilled careers across the country and society, including for people who may experience barriers to other careers. It also a deeply important source of flexible and varied work for those juggling education, caring or other responsibilities.

There is also a third role, as an employer for an even wider group offering experience of work and foundational skills that will shape their work in other sectors. This is the context in which jobs in hospitality must be seen.

## 2.1 JOBS FOR EVERYONE, EVERYWHERE

Good work means *jobs for everyone* – including those traditionally excluded because of their history, circumstances or challenges. Hospitality can give dignity and a good income to people who may be excluded from other forms of work.

Hospitality is an inclusive employer of 3.5 million people across the country and society. When including the indirect and induced impact on the wider

economy, employment related to the hospitality industry increases from 3.5 million jobs to 6.5 million jobs, or 18% of the total UK workforce. There is significant variety across these jobs with opportunities for people with different skills and preferences, including chefs, customer service, operations and corporate roles including marketing, property development and revenue management.

These are jobs which bring income, social connections, and opportunities for development – including for people who

found a traditional education setting challenging.

Nearly a quarter of the sector are under 25, and nearly half under 35 years old. For some, that job will be the start of a long career in the sector, for others an excellent opportunity to develop skills and experience for careers elsewhere.

The sector has also taken the lead in offering routes into employment for people who other sectors have traditionally failed to engage. There are examples across society. Hospitality has long offered work for those leaving prison, with workers often gaining experience within prison kitchens while serving sentences before moving into employment as they move on with their lives. 86% of employers of ex-offenders rate them as good at their job. The Unlocking Hospitality project run by the Prison Service's New Futures Network and organisations including UKHospitality saw over 700 prisoners attend events with employers, as a start to their post-prison employment journey.

The industry charity Only A Pavement Away helps people who are facing homelessness, including prison leavers and veterans, into work in hospitality

through training and placements alongside financial support. The charity expects to place 1,000 people into work by 2024.

Older workers often find hospitality a valuable route back into work, allowing for flexibility, supplementing income, and creating social connections. More than 165,000 workers over 50 have joined the hospitality sector in the last three years, with over-50s now making up 24% of hospitality's workforce. People living with seen and unseen disabilities too find that the variety of hospitality makes it possible to find a role that matches their talents.

The sector is focused on continuing to improve the experience of workers, regardless of their role, background or circumstances. In 2022, the sector launched a Workforce Strategy to set out shared areas of action to promote the best employment practices while establishing areas for working with policy makers. Underpinning all of that work is the belief that the unique nature of hospitality as a flexible, accessible employer should be protected as a core social good.





### Case study - recognising the potential of ex-offenders

As a company which includes prison management and contract catering in its areas of activity, Sodexo is able to provide a bridge for ex-offenders into hospitality jobs as part of their rehabilitation.

Sodexo's employment, education and rehabilitation services give those in their care the skills, qualifications, and support to lead law-abiding and productive lives in their community on release. Sodexo runs prison career hubs

to ensure leavers are prepared for the outside world. Employment specialists, career advisors, and staff members not only hold interview techniques and CV writing workshops but also help leavers to access official identification documents and a bank account, which makes it easier to find employment and accommodation.

Sodexo is committed to filling 5% of its own job vacancies with prison leavers.



## 2.2 FLEXIBILITY

For some, good work means **flexibility**. While for many people, regular hours – and predictable income – are very important,

some people need jobs which allow them to work around their commitments as a carer, parent, student or their personal circumstances.

### Case study – McDonald's

Across the UK, nearly 180,000 people are employed in McDonald's restaurants. They are the face of the brand for millions of customers every day and central to the success of the business.

A job at McDonald's is often the first step in someone's career, with just over half the workforce are under the age of 21. McDonald's is passionate about attracting the best talent and invests over £43 million each year on training and development that is available to all.

With a multi-generational workforce, flexible working is key. The vast majority of McDonald's employees say that it is a key reason why they work under the Golden Arches.

A core part of that offer is giving every employee that works in a McDonald's in the UK the choice of contract: a Guaranteed Minimum Hours contract (GMHC) between four and 40 hours or a flexible contract allowing an individual to work a variety of hours each week that works for them and the restaurant.

McDonald's knows that what works for one person won't be the same for someone else. For example, an individual returning to work from looking after small children might want very fixed hours around the school day. However, others in the same situation might want highly flexible hours because they work around their partner's shifts and can choose when and where to work.





## 2.3 SOCIAL MOBILITY

Good work can be about **social mobility** – jobs that give careers and training to people who do not come from professional backgrounds.

Many sectors in today's economy have significant practical barriers against people without higher education qualifications starting and building careers. While many employers have taken steps to improve the equality of their hiring and development practices, there remain sectors where the entry requirements, internal cultures and training programs mean that there are highly differential levels of access.

As a result, a child born into a low-income family today has just a one in eight chance of becoming a high-income earner as an adult.

In this context, hospitality plays a vital role driving social mobility by hiring and developing people from across society.

More than 60% of workers in the sector come from households where the main earner was not in a technical, professional or managerial position.

This is a far higher proportion than a directly analogous sector like Arts and Culture. Equally importantly, only 18% of workers have a degree themselves.

It then offers training and development with clear pathways into technically skilled roles and into leadership positions. Less than a third of managers in hospitality have a degree or degree equivalent, the lowest of any sector.

This universal accessibility, coupled with well-trodden pathways into swift career development, makes the sector a uniquely social important employer.



### Case study - Springboard

The Springboard charity was founded in 1990 to support the hospitality, leisure and tourism industry and those seeking employment within it. It provides advice, training and skills courses for under 25s to help them secure jobs in the hospitality sector. The results are impressive, with 3,357 trainees in their programmes in 2022-23, and a 76% employment success rate.

Today, Alex Drew is the Welcome Manager for the Novotel in Brentford. His leadership journey began ten years ago when he approached Springboard in 2013 after having a long period of temporary employment.

On completing his course, he was supported in taking a role on reception at the Novotel London Brentford hotel. He has now been with the company for more than

a decade and has continued his professional development, being promoted several times, including to food and beverage manager and most recently to his current role. Since 2023, Springboard have worked alongside UKHospitality to run a pilot to deliver an essential foundational skills training module for new starters. That module will be transferable between employers as a people develop their careers. coordinated by the Department for Work and Pensions. These have provided sector-designed training programmes to those out of work with the intention of providing employment at the end of the four-week course and a pathway towards apprenticeships.

The results have been very positive, vastly exceeding the output of existing schemes and provides a model for expansion – with potential to create 7,000 new placements annually.

THREE

# Places where people want to invest

*Hospitality can be the foundation of the UK's industrial strategy in the coming years. As well as being a fast growing domestic and export sector in its own right through the tourism and visitor economy, it underpins the wider economy by creating places which attract investment. Without a vibrant hospitality and culture sector, no industrial strategy can succeed.*

Industrial strategy has to be approached as an ecosystem, recognising the importance of foundational and ancillary services to other sectors. Wider outputs like placemaking, breadth of employment access and cultural health, as well as direct services like office catering are fundamental to the wider competitiveness of the economy.

## 3.1 GROWTH ENGINE

Hospitality is a powerful **growth engine**. It generates £140 billion in revenues per year, more than automotive, pharma and aeronautics combined, and is projected to grow by 6% p.a. over the next five years. For example, in 2023 Jamie Oliver Restaurants announced their plan to open as many as 120 sites globally in 2024 to take their total to 200 sites by 2027.

That follows overperformance in the years between the financial

crisis and pandemic that saw food and drink, and wider hospitality, become the second and third fastest growing sectors in the UK economy.

All of this economic activity means that the sector pays a significant amount of tax. In 2022-23, total tax receipts equaled £54 billion, equivalent to total defence spending, or larger than spending on transport or on police and public safety, or on housing.

Underneath this stark headline performance, the distribution of the growth is equally important. It is geographically dispersed with the average parliamentary constituency having 5,436 jobs in the sector, and no constituency having fewer than 434. This is a

truly Britain-wide growth story. Hospitality also underpins wider economic success as a provider of ancillary services like contract catering in workplaces, an area of the economy which is worth 940,000 jobs and £42billion turnover.



### Case study - Compass

Hospitality businesses come in all shapes and sizes, from single-site operators to large businesses that have substantial reach into the economy, like the Compass Group.

The Compass Group is a British success story. Based in Chertsey and listed on the London Stock Exchange, it has a presence around the globe - having more than doubled in value in the past decade.

The 50,000 strong team delivers services across diverse sectors, from education to health to defence and government contracts, providing hospitality into cultural and sporting venues and to business clients, serving Britain with nearly 200 million meals a year. The business spends £1.4 billion with its 5,000 suppliers across 70 product categories.





### 3.2 POWERING THE VISITOR ECONOMY

The visitor economy, powered by hospitality, makes an underestimated contribution to global trade and to domestic consumer spending. With exports of £29 billion, tourism is one of the largest services exporters for the UK, larger than the food and drink sector's exports. Around 70% of the revenues generated relate directly to hospitality in accommodation, food, drink and attractions.

In 2022, domestic tourists spent £32 billion on 126 million overnight trips and £45 billion on over a billion day trips. These revenues are highly dispersed,

often in areas with limited participation in alternative export sectors.

In this way, tourism is a unique opportunity for a wider social and economic distribution to benefit from the UK's global trade and domestic consumer economy.

For example, in Scotland, by the start of the pandemic, international visitors staying overnight spent £1.9 billion per year, higher than domestic overnight visitor spend.

More than three quarters of tourism spend was outside of Edinburgh and the Lothians. This is a significant, and well dispersed export sector.



### Case study – Eurovision comes to Liverpool

When the Ukraine won the Eurovision Song Contest in 2022, the UK as second placed entry hosted the 2023 contest on behalf of the winning country. The result was a contest that felt both Liverpool and Ukraine. A Discover Ukraine street in the Eurovillage fanzone included food stalls, retail and music showcasing the best of Ukrainian hospitality and culture.

As well as a wonderful celebration of Ukraine at the heart of Europe the 2023 Eurovision was an opportunity for Liverpool to welcome 306,000 additional visitors, joining Liverpoolians amongst nearly half a million

people attending Eurovision events across the city.

An economic report for the Liverpool City Region showed that it gave the City an economic boost of £54 million as people spent money in Liverpool's restaurants, bars, cafes and shops – as well as filling hotel rooms.

An equivalent to 500 one year full time jobs were created in the centre of Liverpool alone. It also put the city in a wonderful light for the 162 million people who watched the live events on television globally, or saw one of the 280,000 pieces of global media coverage. The impact of the event on Liverpool's brand as a visitor and investment destination.

### 3.3 INWARD INVESTMENT

Hospitality is a significant target for **inbound investment** into Britain. Just as importantly, hospitality businesses are key to ‘quality of life’, which is crucial to wider international investment competitiveness.

In 2024, London was named the most attractive destination for investment in hotels in Europe, and the UK more widely was the continent’s top destination for tourism FDI in Europe between 2018 and 2022, attracting 160 projects; 16% of total tourism FDI in Europe.

And hospitality helps shape global perceptions of the UK, reinforcing our wider trade and investment strength. Research has consistently found that the attractiveness of a place as a tourist destination and a place to do business are strongly linked, and in many of the UK’s major cities the strength of the cultural offer relies in part on tourist consumer spend.

That cultural strength in turn means the attractiveness of the UK as a place for inbound investment is improved as investors will place a significant weighting on the quality of life, diversity and culture of a place when choosing where to open offices or expand.

A similar story is found in the UK’s global travel infrastructure. Our status as a global travel hub, vital for wider trade and investment, is heavily subsidised by leisure tourism. To take Heathrow as an example, in 2021 88% of the 19.4 million passengers using the airport were international, and 62% were travelling for leisure.



#### Case study - the International Convention Centre Wales

The 5,000-capacity conference centre ICC Wales is a major example of joint public/private capital investment using hospitality as a regeneration tool.

The development was opened in 2019 on the site of Celtic Manor in Newport, which previously hosted the 2014 NATO summit, following a joint £83 million investment by the Welsh Government, Celtic Manor, and NatWest Bank.

That investment has fed into the local economy with £22 million of contracts for the construction

phase alone including for the catering fit out to Newport-based Shine Catering Systems, and for carpentry to Hazelwood Carpentry Contractors Ltd, based in Pontypridd.

After construction the ICC is expected to create 150 permanent jobs on site and more in the local economy through supply chain benefits.

Newport has also seen town centre capital investment in the hospitality sector supported by a £17m Transforming Towns grant that has funded a new hotel and a new indoor market, encouraging several new venues to open.





**FOUR**

# Looking to the future - how can we invest in growth?

*There is no doubt that today hospitality is Serving Britain. With the right policy environment, the sector will grow 6% a year, and, with that growth, will create even more places where people want to live, work and invest. These policy recommendations are targeted to unlock the potential of the sector to make the most impact at the lowest cost.*

*We know that in the first months of a new Parliament a government will want to make an early impact, as well as achieving long term and lasting change. That is why we have made recommendations for the first 100 days, the first 100 weeks, and the whole Parliamentary term.*

## First 100 days

**Reform business rates, to protect our high streets and community infrastructure.**

### THE PROBLEM

Business rates are calculated on the basis of 'rateable value', a number representing the cost of renting the business premises. Businesses that must trade in-person, and in-community, and are therefore property-intensive, have picked up an increasing and unsustainable share of the burden. This has led to hospitality paying 10% of the rates bill, despite representing 3% of contributing turnover. It is a tax on high streets at a time when policy is worried about the loss of these community assets.

### THE SOLUTION

Replace short-term reliefs with a permanently reduced business rates multiplier for hospitality, leisure and high street retail sectors at a rate of 30 pence in the pound – funded by rebalancing the burden to reflect the rise of the online economy.





**Reform the Apprenticeship Levy so that more people can train for careers in the sector**

#### THE PROBLEM

Hospitality is a crucial provider of early-stage career entry and of training in a workplace setting. That makes apprenticeships deeply important to the sector, which currently starts training around 15,000 new apprentices each year and trains a total of two million people through all routes. The Apprenticeship Levy was introduced to increase formal training by larger businesses, specifically through the apprenticeship route. However, there are concerns in hospitality (and other sectors) that the rigidity of the apprenticeship regime is actively holding back wider skills training, putting off certain learners from starting an apprenticeship and leading to a high dropout rate.

#### THE SOLUTION

Reform the Apprenticeship Levy, freeing up funds to be used for non-apprenticeship skills training and introduce a modular approach for learners to build towards an apprenticeship, broadening skills and improving social mobility across our sector. UKHospitality has been working with the Springboard Charity and DWP on a pilot to deliver an essential foundational skills training module for new starters. The success of that pilot shows how effective an employer led, modular approach can be.

#### First 100 weeks

**Support businesses with their staff costs**

#### THE PROBLEM

Hospitality is a unique employer: it provides routes from entry level roles into management and high skilled professions, and just as importantly provides flexible employment for those who have caring, educational or other commitments. The labour bill in hospitality is higher than any other private sector industry at around 30% of turnover. While other sectors automate to reduce labour costs, hospitality is rooted in the personal experience. Recent increases in the minimum wage, while challenging, are supported by the sector. Instead, there is concern about wider costs over the short-term to ensure affordability of wages.

#### THE SOLUTION

Reduce Employer National Insurance Contributions (NICs) to 10% for lower-paid earners and increase the threshold at which they are paid to support the industry to deliver higher wages. As a first step the threshold at which NICs are paid should be increased to £286 per week and should be kept under constant review to help businesses manage cost increases and ensure there are no adverse effects for employees.

**Support green investment in the sector**

#### THE PROBLEM

As a major user of energy and food, the sector must be part of the wider net zero journey. Currently, investment costs for addressing carbon output are prohibitive, which slows the pace of change.

#### THE SOLUTION

Introduce reform of investment policy, including investment credits, to ensure it supports businesses' transition to net zero and incentivises investment in green energy and decarbonisation, and capital allowances that work for the service sector.



Whole term

Reform planning rules, so that hospitality can make a full contribution to regeneration

**THE PROBLEM**

Planning policy and practice often makes it difficult to establish new businesses, or to expand existing businesses. Businesses often find that applications for change of use or for building extensions to kitchens or adding bedrooms to accommodation take longer than they should, and resistance to hospitality businesses can be as serious a barrier to redevelopment as resistance to new housing.

**THE SOLUTION**

Reform of the planning system which puts hospitality-led regeneration as the heart of the future high street and a faster, streamlined approach to planning applications for hospitality businesses.

Reform VAT for the sector to bring it in line with European rivals.

**THE PROBLEM**

The UK has one of the highest rates of VAT for hospitality in Europe and is one of the very few countries that does not have a reduced rate for the sector, which is a significant drag on our competitiveness on the world stage. We saw the impact a lower rate of VAT for hospitality had when it was introduced during the Covid-19 pandemic – stimulating demand, generating revenue and safeguarding jobs.

**THE SOLUTION**

Reduce the rate of VAT for the sector to 12.5% to keep prices lower, making Britain price competitive, stimulating spending, creating new jobs and allowing businesses to reinvest in their services. A YouGov survey has found that the public overwhelmingly back a reduced rate of VAT for the sector, with 79% in favour. Analysis also shows it is good for the whole economy, creating 85,000 jobs and generating an additional £3.2 billion for the sector.



UKHospitality is the trade body for hospitality, leisure and tourism in the UK. We lobby Government, champion the hospitality sector and provide expert advice and guidance.

Hospitality is at the heart of the UK's culture, society and communities. As the leading trade body for the industry, we represent every corner of the sector. Member focused and community driven, we're the collective voice campaigning for positive change: for people, for businesses, and for the future of hospitality.



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