

PODCAST

The ramifications for hoteliers from the UK government's November budget

Hotel operations saddled with higher costs of food, labor and business rates



One notable change in the Nov. 26 United Kingdom budget is the changes to employer contributions to National Insurance. Such higher costs could directly affect U.K. hospitality positions, especially for younger, entry-level employees. (Getty Images)

By **Terence Baker**

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Hotel operators in the United Kingdom are feeling the pinch, and that's unlikely to improve as the country's government heaps more pressure on the hospitality industry.

On Nov. 26, the British government delivered its autumn budget, which includes increases to employer contributions to National Insurance. As part of the changes, the U.K. government lowered the salary threshold from £9,100 [\$12,183] to £5,000, widening the pool of employees whose pay will be affected.

It's likely that policy change will have an adverse effect on who employers choose for even entry-level positions, said Bridget Baker, veteran hotel and hospitality consultant and owner of Bridget Baker Consulting.



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“My biggest concern is the impact on young people. I live in a tourist town (Brighton), and in the past, you could walk into any job ... in a café, in a nightclub, in a bar,” Baker said on the on “The Upgrade: EMEA Hospitality News” podcast.

“Several of my friends’ kids are at [university], and they are saying to me, ‘My son and daughter cannot find a job this summer. It’s weird! Why not? We live in Brighton,’” she said.

This has the potential of further alienating the next couple of generations in the U.K. away from careers in the hotel industry, Baker said.

Since the government’s November 2024 budget, it’s estimated the U.K. hospitality industry, including hotels, has shredded approximately 100,000 jobs.

But not all is doom and gloom, Baker said. Events remain a huge draw in the U.K., with attendees perhaps cutting back on eating out in their hometowns but happy to spend above-average money on event tickets and relevant hotel stays.

“We are incredibly good in this country in doing events, as evidenced by running football tournaments, concerts, and ... in the past there were some destinations in the U.K. where it was predominantly business travel occupying hotels, and I think more and more with the events that happen ... [they] generate a massive amount of room nights.”

For more from Bridget Baker on the pressures and opportunities in the U.K. hotel industry, listen to the podcast episode embedded above.

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