# UK hospitality sector faces collapse as tax hikes drive thousands of jobs overseas



Since the Chancellor's Autumn Budget, the UK hospitality sector has become yet another casualty of a government more interested in raising money than supporting the backbone of our society. Over 90,000 jobs have vanished—more than half of the total 165,000 jobs lost across all industries—highlighting the reckless impact of tax policies that punish businesses rather than support them. The drastic rise in National Insurance Contributions (NICs), from 13.8% to 15%, paired with the lowering of the earnings threshold from £9,100 to £5,000, has created a perfect storm for hospitality employers. These policies explicitly target part-time and flexible roles, which many rely on, pushing businesses into impossible choices and increasing the likelihood of closures.

Industry leaders recognize how uniquely damaging these measures are. Kate Nicholls, chair of UKHospitality, has rightly described these employment figures as "staggering," warning that the government’s regressive tax hikes are bleeding the sector dry. Instead of fostering growth, this government is forcing pubs, bars, and restaurants to pass their increased costs onto customers—introducing a 4% automatic service charge at venues like The Well & Boot pub in London to cover the extra tax. Such tactics reflect the desperation of many operators, who are being forced to squeeze customers and compromise their offerings—further undermining the social fabric that these venues have traditionally supported.

The financial toll is staggering. London’s hospitality sector alone could be facing losses nearing £300 million due to these NIC changes, yet the government remains deaf to the cries of those struggling to keep doors open. Restaurateurs are faced with difficult decisions—cutting staff, slashing menus, and reducing hours—all while consumer spending wanes amid economic uncertainty deliberately fueled by government policies that disproportionately harm the sector’s most vulnerable workers.

Warnings from industry leaders are dire. Over 200 have signed letters to the Chancellor, calling for an urgent reversal or revision of these damaging policies—warning of widespread closures and soaring unemployment if the government refuses to listen. Despite claims of additional revenues, these policies are a sledgehammer to a fragile sector, with estimates indicating up to 69,000 jobs lost since NIC hikes took effect. Such figures reflect a government preoccupied with short-term gains at the expense of the economic and social well-being of communities across the country.

The government’s so-called support measures fall flat. Promises of reductions in licensing costs, business rate relief, and cuts to alcohol duty are little more than sticking plasters on a gaping wound. They do not come close to offsetting the immediate and savage increases in payroll taxes that threaten the survival of countless venues. Instead of creating an environment conducive to growth and employment, this government’s policies are pushing the sector towards collapse.

It is clear that a government choosing to ignore the real-world consequences of its policies is risking a catastrophic decline in an industry that sustains local communities and national culture alike. If immediate action is not taken, we face a future of closures, mass job losses, and an erosion of Britain’s hospitality traditions—fuelled not by market forces but by misguided taxes that punish success and discourage enterprise. The time for talk is over; what’s needed now are policies that support, not strangle, the vital industries that underpin our everyday lives.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.express.co.uk/news/politics/2099820/hospitality-job-losses-rachel-reeves-tax-raid> - Please view link - unable to able to access data
2. <https://www.standard.co.uk/business/hospitality-restaurants-national-insurance-costs-closures-london-b1217139.html> - The article discusses the significant impact of increased National Insurance Contributions (NICs) on London's hospitality sector. Industry leaders estimate that the NIC changes could cost the sector nearly £300 million in London alone. Restaurateurs are facing tough decisions to survive, with some considering staff reductions and menu adjustments. The article highlights the financial strain on businesses and the potential for increased unemployment in the sector.
3. <https://www.cityam.com/hospitality-jobs-slump-as-reeves-national-insurance-hike-bites/> - This piece reports on the decline in hospitality jobs following the rise in employers' National Insurance Contributions (NICs). The sector has shed 69,000 jobs since the increase took effect, marking the steepest peacetime job losses outside the pandemic. The article attributes the job cuts to the government's tax policies and includes warnings from industry leaders about the risks to the UK's hospitality industry.
4. <https://www.theguardian.com/business/2024/nov/10/nics-rise-will-force-businesses-to-close-warn-hospitality-bosses> - The article features warnings from hospitality industry leaders about the unsustainable impact of increased National Insurance Contributions (NICs). They argue that the changes will lead to business closures and job losses within a year. The piece includes a letter from industry bosses to Chancellor Rachel Reeves, urging reconsideration of the NICs changes and highlighting the potential negative effects on lower earners and flexible working practices.
5. <https://www.morningadvertiser.co.uk/Article/2025/07/17/hospitality-jobs-hardest-hit-since-budget/> - This article reports that the hospitality sector accounts for almost half (45%) of all job losses in the UK since the budget, with 84,000 jobs lost since last October. The piece attributes these losses to policy decisions made during the previous year's budget, which have disproportionately affected the hospitality sector. It includes comments from UKHospitality chair Kate Nicholls, who calls for action to address the impact on the industry.
6. <https://www.bbc.co.uk/news/articles/c0k8n1lpv1lo> - The article reports on warnings from top pub and restaurant bosses about the impact of tax rises in the recent budget on the hospitality industry. Over 200 signatories have stated that the increased National Insurance Contributions (NICs) will lead to closures and job losses. The piece includes details of the NICs changes and the industry's concerns about their effects on businesses and employment.
7. <https://www.standard.co.uk/business/business-news/hospitality-bosses-warn-national-insurance-changes-unsustainable-b1193089.html> - This article discusses the warnings from hospitality industry leaders about the unsustainable impact of increased National Insurance Contributions (NICs). The piece includes a letter from industry bosses to Chancellor Rachel Reeves, urging reconsideration of the NICs changes and highlighting the potential negative effects on lower earners and flexible working practices. It also mentions the expected £25 billion revenue increase for the Treasury from the NICs changes.