Managing the Impact of National Living Wage

According to government statistics, the hospitality and tourism industry accounts for one third of the working population earning more than the National Minimum Wage, but less than the proposed National Living Wage for 2020. This echoes the sheer scale of the hospitality industry as an employer in the UK and reflects the significant volume of opportunities our industry offers to entry level job seekers, helping to up-skill and lead toward rewarding careers.

The introduction of the National Living Wage (at £7.20 per hour from April 2016 and £9.35 from April 2020 for employees aged 25 and over) will have a significant impact on our industry.

Despite the welcome reduction in Corporation Tax and reduction in employers’ National Insurance payments, the fact remains that the hospitality paybill will rise by several hundred million pounds each year and, unless there is a comparable increase in revenues, margins will be eroded with potentially damaging consequences for investment and job creation.

As a highly price sensitive industry, already effected by internationally uncompetitive taxes, the ability of most hospitality businesses to drive greater revenues by increasing price will be restricted.

The BHA will continue to analyse the potential impact of the Chancellor’s announcement and submit evidence to the Low Pay Commission.

As the fourth largest industry, we will continue to seek constructive dialogue with HM Treasury to drive further economic growth and employment.

In Scotland, there have been several meetings between the BHA and senior Ministers in the Scottish Government regarding the voluntary ‘living wage’ (currently £9.15 an hour in London and £7.85 in other parts of the country). We will continue to work with the Scottish Government on this pertinent issue.

Fair, Flexible Working Agreements

This industry supports mutually agreed flexible working opportunities, so long as it’s a nonexclusive relationship and the employee has the freedom of choice.

These types of contracts are intended to give employees flexibility so they can have a job without committing to full time availability. They’re an option for students, those taking care of family or people with other commitments. We aren’t keen to turn away talented people because they can’t or do not want to commit to inflexible work schedules.

In turn, these contracts allow businesses to respond to significant customer demand fluctuations, from day-to-day or season-to season. However, the need for variable and flexible contracts should never detract from a total commitment to providing quality training, working conditions and career progression opportunities.

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