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UKHospitality calls for tax overhaul to revive Britain’s high streets

Its report offers 33 reforms after claiming business taxes absorb 82% of the sector’s pre-tax profits.

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UKHospitality on Monday launched a new report calling for tax, licensing, planning and rental reforms that it said are needed to revive Britain’s high streets and allow hospitality businesses to expand.

The trade group said its “Placemaking” report contains 33 recommendations for the British government and local authorities. The proposals are aimed at reducing what the organization described as costly regulation and local policy barriers that are holding back growth across the sector.

The report frames hospitality as a driver of local regeneration and argues that restaurants, pubs, bars, cafes and other venues help create places where people want to live, work and invest. It says that to play that role more fully, businesses need relief from rising costs and a simpler regulatory system.

UKHospitality said the recommendations span seven areas: business rates, development, infrastructure, licensing, planning, rent and skills. The group also included guidance for operators on how to deal more effectively with local authorities, communities and the licensing and planning process.

A central argument in the report is that the sector’s tax burden remains the biggest obstacle to growth. UKHospitality said hospitality faces the highest tax burden in the economy, with 82% of pre-tax profits paid in business taxes. That figure came from the organization’s own data and was presented as the main reason it is pressing for action in the next Budget.

According to the report, faster reform of the business rates system is needed, especially before and after the 2026 revaluation. UKHospitality called for a quicker appeals process and more resources to handle what it expects will be a larger number of appeals.

On development, the group said the “Agent of Change” principle should be legally strengthened for both existing and future developments. That principle is intended to protect existing venues, such as music spaces or late-night businesses, from noise complaints and other conflicts when new residential projects are built nearby.

The report also asks for transport and infrastructure spending to be aligned with hospitality-led regeneration. In practice, that would mean public investment decisions taking greater account of the role that hospitality businesses can play in drawing foot traffic and supporting commercial activity in town and city centers.

On licensing, UKHospitality urged the government to fully implement the recommendations of a licensing reform task force. The report released by the trade body did not set out all of those recommendations in detail in the launch announcement, but it made clear that licensing rules are a major part of the group's push for change.

That part of the agenda could matter directly for the drinks trade. Pubs, bars and restaurants are major outlets for beer, wine and spirits, and any shift in licensing rules, local fees or operating conditions could affect where those businesses open, how late they trade and how much it costs to run them.

The planning system is another major target. UKHospitality said Britain should introduce a form of presumptive permission, under which planning approval would be granted automatically if certain criteria are met. It also called for a fast-track route for both major and minor planning applications. The group argues that the current system is too slow and uncertain for businesses trying to invest in new sites or improve existing ones.

On commercial rents, the report says legislation governing upward-only rent reviews should support sustainable rents and high street regeneration. Upward-only clauses have long been criticized by business groups because they can lock tenants into higher costs even when trading conditions weaken.

The report's skills recommendations focus on labor supply and training. UKHospitality said hospitality sector-based Work Academy Programmes should be expanded across the country through cooperation between government, local authorities, colleges and the industry. The organization argues that labor shortages and higher employment costs are limiting operators' ability to grow.

Allen Simpson, chief executive of UKHospitality, said the industry was being squeezed by some of the biggest cost pressures in a generation. In comments released with the report, he pointed to rising employment costs, high business rates, energy bills and regulatory burdens as factors that are reducing businesses' capacity to invest, expand and create jobs.

Simpson said hospitality is central to a wide range of government priorities, including job creation, social mobility, investment and stronger communities. He argued that the sector could do more if it were treated as essential infrastructure for successful places rather than as a source of tax revenue and regulation.

The report arrives at a time when many British hospitality operators are still dealing with weak consumer confidence, tight margins and higher operating costs. Industry groups have repeatedly warned that those pressures are making it harder for businesses to keep sites open, let alone fund renovations or expansion plans.

For high streets, the debate goes beyond hospitality alone. The sector often acts as an anchor for evening trade and weekend footfall, helping nearby retailers and service businesses. Supporters of reform argue that planning delays, high property taxes and inflexible local rules can discourage investment in areas that are already trying to recover from store closures and changing shopping patterns.

The drinks business has a particular stake in that debate because licensed venues remain a key part of how alcoholic beverages reach consumers in Britain. If costs tied to rates, rent and licensing continue to rise, operators may delay openings, cut hours or scale back spending, which could affect sales channels for brewers, wineries and spirits producers. If some of the proposed reforms move forward, those businesses could benefit from a more stable on-trade environment.

UKHospitality’s report is the latest effort by the industry to link its financial pressures to broader questions about town center renewal. By placing tax policy alongside planning, infrastructure and skills, the group is trying to make the case that hospitality policy is not only about individual businesses, but also about the future shape and economic health of British high streets.