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U.K. pub operators warn a 3.9% minimum wage rise will cut shifts

The April 2027 increase to £13.20 an hour adds to pressure from energy, tax and supplier costs

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British pub and hospitality operators said on Tuesday, November 10, that rising wage costs are forcing businesses to rethink hiring, staffing levels and investment, as another increase in the U.K. minimum wage is set to take effect in April 2027.

During the Autumn Budget on October 28, Chancellor John Healey confirmed that the National Living Wage will rise by 3.9%, to £13.20 an hour from £12.71. The National Minimum Wage for 18- to 20-year-olds will also increase by 3.9%, to £11.27 an hour from £10.85. The changes will apply from April 2027.

Operators told trade publication The Morning Advertiser that the increase, coming on top of higher energy bills, supplier prices, property costs and taxes, is adding to pressure on margins in a sector that already runs on tight economics. Several said the combined cost burden could lead to fewer shifts, slower hiring, shorter opening hours and higher prices for customers.

Richard Gordon, managing director of Greedy Gordons, told the publication that his company expects its wage bill and related employment costs to rise by about £60,000 a year. He said the business wants to pay staff fairly but needs those increases to remain financially sustainable.

Gordon said pubs are also dealing with higher business rates, supplier costs and energy bills, and that those pressures will affect menu and bar prices. That matters beyond staffing because any increase in pub prices could filter through to demand for beer, wine and spirits, especially if consumers begin to cut back on discretionary spending.

Tim Skinner, who operates multiple sites, said higher employment costs are making it harder for hospitality businesses to keep creating entry-level opportunities. He argued that government cannot continue to raise the cost of running a business while expecting operators to hire more workers and invest for growth.

His comments reflect a broader concern in the sector that labor-intensive businesses such as pubs and restaurants have less room than other industries to absorb mandated pay increases without changing their operating model. For many employers, labor is one of the largest costs, and even modest percentage increases can have a significant effect when applied across large teams and long trading hours.

Clive Price, managing director of Barons and chair of the British Institute of Innkeeping, told The Morning Advertiser that many operators have already moved into what he called a defensive stance. He said some pubs have cut shifts, reduced staffing levels,

shortened opening hours, delayed pay raises for senior employees and scaled back investment plans.

Price estimated that it now costs about £10,000 more a year to employ one worker than it did four years ago. He said that trend is making employers more selective in recruitment and pushing them to demand higher productivity from existing teams. In his view, that creates a particular problem for younger workers, who have traditionally relied on pubs and other hospitality businesses for first jobs and early work experience.

He also questioned the tension between higher employment costs and a recent government partnership with UKHospitality, under which hospitality businesses have pledged to provide 100,000 jobs over three years for young people who are not in education, employment or training. Price said the sector is still well placed to offer large numbers of jobs, but that policy decisions are making that harder.

Another issue raised by operators is wage compression. Jayson Perfect, chief operating officer of Butcombe Group, said the April 2027 increase will put further pressure on employers because they will have to preserve pay gaps between less experienced staff and more senior roles such as supervisors, chefs and managers. When the statutory minimum rises, businesses often face pressure to lift wages higher up the pay structure as well, even if those positions are not directly covered by the increase.

Perfect said that while the higher Small Business Rates relief threshold announced in the Budget was welcome, it would not fully offset the broader cost hit facing hospitality companies. He cited wage increases, duty costs, supplier inflation, energy bills and other property-related expenses as part of the cumulative strain.

The debate comes as pubs continue to balance two competing demands: retaining enough staff to operate effectively while protecting already thin margins. Many employers in the sector say they support better pay in principle but argue that repeated increases without relief elsewhere leave them with limited choices. Those choices can include raising food and drink prices, slowing recruitment, delaying refurbishments or reducing hours.

For drinks suppliers and brands, the implications could extend beyond labor costs alone. If pubs pass on more of their expenses to customers, higher bar prices could weigh on volumes across beer, cider, wine and spirits. If operators choose instead to limit price increases, the squeeze could show up in lower purchasing, tighter stock decisions or reduced investment in premium ranges.

The April 2027 wage increase is still months away, but operators are already planning for it. Their comments suggest many businesses are budgeting not only for higher hourly pay, but also for knock-on effects across staffing structures, prices and expansion plans as the hospitality industry enters another year of cost pressure.