NI HF
NORTHERN IRELAND HOTELS FEDERATION

Autumn Budget 2026: What does it mean for Northern Ireland's hotels? 28 October 2026 | NIHF industry synopsis

The Chancellor's Budget offers some breathing room for businesses, but there is limited direct relief for Northern Ireland's hotel sector. While measures to support households, ease fuel costs and protect businesses from wider tax increases are welcome, the industry's principal challenges of high operating costs, taxation and competitiveness remain largely unresolved.

The most significant announcement for hospitality is business rates relief in England, this will not apply in Northern Ireland. However, it does support the sector in its aim for continued rates relief and reform

Seven key announcements for NI hotels

Announcement	Implications for NI hotels
1. Business rates	New relief and a two-year real-terms freeze for qualifying hospitality businesses in England. NI hotels receive no automatic equivalent.
2. Hospitality VAT	No reduction in the UK's 20% hospitality VAT rate, leaving the competitive disadvantage with the Republic of Ireland unresolved.
3. National Living Wage	A 3.9% increase to £13.21 per hour adds further payroll pressure from April 2027, particularly in labour-intensive hotel operations.
4. Energy costs	Measures targeting household energy costs and certain business inputs, but limited direct relief for hotel energy bills.
5. Fuel duty	The existing 5p reduction extended until 30 June 2027. Some benefit for transport, suppliers and visitor travel costs.
6. Skills and immigration	Wider measures to support skills and attract international talent, but no clear resolution to hotel recruitment challenges.
7. Northern Ireland funding	An additional £270 million for the NI Executive over the Spending Review period, creating scope for devolved decisions, although not specifically allocated to tourism or hotels.

Sources: HM Treasury's Budget 2026 and Northern Ireland Budget announcement.

The three biggest issues for our industry

Business rates remain a major concern. England's hospitality businesses will benefit from further protection, but Northern Ireland has a separate rating system. The Budget strengthens the argument for meaningful reform and equivalent support for NI hotels.

VAT remains the biggest missed opportunity. The lack of a hospitality VAT reduction is particularly disappointing for Northern Ireland, where hotels compete directly with the Republic of Ireland under a significantly different taxation regime. The recent Northern Ireland Affairs Committee recommendations for a 10% VAT pilot on accommodation and food remain highly relevant.

Employment costs continue to rise. The increase in the National Living Wage will benefit employees but adds to pressure on hotel operating margins, particularly when combined with existing National Insurance costs, energy, insurance and business rates.

Overall NIHF assessment

The Budget provides some stability and targeted support, but it does not fundamentally change the trading environment for Northern Ireland's hotels.

There is a clear distinction between measures that provide short-term breathing room and those that would materially improve the industry's competitiveness and capacity to invest.

For NIHF, the priorities remain a reduction in hospitality VAT, meaningful business rates reform, greater support for employment and skills, and a taxation framework that recognises Northern Ireland's unique position as the only part of the UK sharing a land border with the EU.