

# The Cost of Employing Labour in 2025




A closer look at the rising cost of the  
high street, hospitality and leisure  
workforce...and how you can fight it.



It's 2025! And whilst a new year means new resolutions for most, for the UK high street, hospitality and leisure sector, it's a year filled with rising wage bill challenges.

In 2024, the new Labour government announced increases in National Insurance Contributions and rises in the national minimum wage. Whilst these changes are aimed at supporting workers and funding essential public services, they're pushing payroll expenses higher than ever before for retail, hospitality and leisure businesses.

## How have these sectors responded so far?

-  200 leading hospitality businesses have written to the government, expressing that they believe the increases will cause 'unprecedented damage' and force businesses to close
-  Two-thirds of retail CFOs have said they believe their business will be forced to raise prices as a result of higher wage bills
-  Some high street companies are acting now - Next will begin trialling self-service tills in early 2025 to improve store efficiencies as it looks to mitigate the incoming £67m added to its wage bill following these tax increases.



## What's changing?

National Insurance contributions (NICs) for employers will increase from 13.8% to 15% on April 6, 2025.

- The threshold at which NICs apply will drop from £9,100 to £5,000
- The National Minimum Wage will increase:
- 21 and over – an increase from £11.44 to £12.21 per hour
- 18 to 20 – an increase from £8.60 to £10.00 per hour
- 16 to 17 – an increase from £6.40 to £7.55 per hour

## To put these numbers into context...

TODAY	6 APRIL 2025
18 year old £8.60 per hour	18 year old £10 per hour
<b>£16,770</b> annual earnings <i>37.5 hours per week x 52</i>	<b>£19,500</b> annual earnings <i>37.5 hours per week x 52</i>
<b>£1,058</b> in employer NICs	<b>£2,175</b> in employer NICs

**+ £3,846**

per 18–21 year old employee



## Getting ahead of your increased wage bill

Whilst this may all seem like doom and gloom, there are ways businesses can mitigate the increase in their wage bill. Labour spend is one of the biggest costs on a P&L sheet (hospitality businesses typically spend 30% on labour, whilst in retail it can be up to 70%!), so using your labour as effectively as possible is one of the most obvious ways to keep costs down.

Luckily workforce management software like Rotageek, can do this for you.

**Let us show you how...**



## Reduce Overstaffing

Overstaffing can be the norm for most high street businesses – they don't want to deliver a bad customer experience after all, but this cautious behaviour is very costly. Our intelligent solution ensures that your workforce is scheduled according to actual business needs. Rotageek knows when your slower periods are based on the historical data you'll have given us and by analysing this, we minimise overstaffing, thus preventing unnecessary wage expenses. This real-time adaptability can save businesses thousands in labour costs annually.

## Avoid Lost Revenue

Equally, understaffing can lead to overwhelmed employees and dissatisfied customers, resulting in lost sales opportunities. There's nothing more off-putting than long queues at the till. Avoid the hidden costs of poor service with data-driven scheduling to ensure the right number of employees are present when your demand peaks, plus boost employee productivity and customer satisfaction to the max.



## Reduce Overtime Expenses

Unexpected overtime can inflate labour costs significantly. And there's nothing worse than hefty overtime pay that could have been avoided if you'd had better insight into the contracted hours you still had left to fulfil. Rotageek's predictive scheduling identifies gaps in coverage well in advance, reducing reliance on last-minute overtime. We also ensure that **contracted hours are filled first** in our schedules, meaning pricey overtime is only used as a last resort.



## Lower Employee Turnover Costs

Retaining employees is much cheaper than employing new ones. But with a smaller talent pool for high street workers, you need to provide employees with reasons to stay. Rotageek's employee-friendly scheduling app allows workers to swap shifts with colleagues, easily request time off, apply for gap shifts and **balance their work/ life** more effectively. Our solution also considers staff preferences, further boosting morale, productivity and engagement.





## Train staff faster

Have you ever considered workforce management as a way to help you train your staff faster? Each business has specialist knowledge that needs to be learnt. So by pairing your most experienced staff with newer staff on shifts, this knowledge will be transferred faster. Rotageek can provide insights like this based on rules you set up, so you can make sure your knowledgeable employees are on hand to help more junior staff members.

## Give time back to managers

We all know manual scheduling processes can be time-consuming and prone to errors. The cost of your experienced managers being locked away in the back office for hours producing schedules can make or break your employee and customer satisfaction. Rotageek automates all tasks related to scheduling, freeing up managers to focus on higher-value activities throughout their shifts. Our platform's intuitive interface minimises scheduling disputes and errors, which further reduces administrative overhead.



## Remain Compliant to Reduce Fines

Labour law violations can result in hefty fines and legal fees. It can be a complex ask for managers to stay on top of contracted hours, whilst also ensuring they hit labour budgets and run the day-to-day operations. Rotageek's in-built compliance checks help businesses adhere to regulations, such as mandatory breaks, maximum working hours and contracted hours. Automated alerts and built-in safeguards ensure your business remains compliant, avoiding costly penalties.



## Use Data for Cost Effective Decision Making

Data is king! Businesses use data across all their functions, so accurate data about the highest spend on your P&L makes sense, right? Data retained in the Rotageek solution provides real-time analytics and reporting tools that offer insights into labour costs and operational efficiency. Armed with this data, businesses can identify cost-saving opportunities and make informed decisions. For instance, recognising trends in demand allows for strategic adjustments that reduce waste and optimise resources.





So as we said at the start, it's not all doom and gloom. However, the National Insurance Contributions increase and rises in the national minimum wage are coming and businesses need to think long-term about the impact they will have on their wage bill.

Looking to your workforce management tech stack to help mitigate these rising costs is one of the smartest decisions a business can make. Whilst it may seem like yet another investment, the long-term ROI and impact on your labour spend will outshine any initial investment.

Our innovative scheduling solution delivers measurable cost savings across multiple dimensions, from labour optimisation to compliance. By leveraging technology to streamline operations, businesses can reduce expenses, enhance employee satisfaction and maximise revenue—a win-win for all stakeholders.

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