

AVA Sounds Alarm on Budget Impact, Warns of Job Losses and Business Closures

Press release

22.11.2024

The Vending and Automated Retail Association has issued a stark warning to the Government, highlighting the potentially devastating impact of recent Budget changes on small and medium-sized enterprises (SMEs) within the sector.

In an open letter to the Chancellor of the Exchequer, the industry's Trade Association expressed grave concerns over the financial strain posed by changes to Employer National Insurance Contributions (NICs), coupled with increased national minimum wage and living wage levels. These adjustments, they argue, will impose an estimated **£39 million in additional annual costs** across the sector, jeopardising jobs, businesses, and economic stability.

“Our industry is predominantly made up of SMEs, many of which employ fewer than 50 people,” the letter states. “For individual businesses, the changes will add over £100,000 in costs—an unsustainable burden at a time when many are already struggling with rising costs for fuel, energy, ingredients, transport, and shipping.”

David Llewellyn, Chief Executive of the AVA, warns that the cumulative pressure from these new costs, delivered at unprecedented speed, could lead to **widespread job losses, business closures, and inflationary price increases**. The challenges are particularly acute for an industry reliant on long-term contracts, where passing on costs to clients is often not feasible.

The Trade Association acknowledged the Government's commitment to improving public finances and supporting economic recovery but stressed that the proposed NIC changes disproportionately impact lower earners and risk undermining flexible working arrangements.

“We fully support the ambition to deliver inclusive growth and economic stability,” the letter continues, “but these changes threaten to stifle the very businesses that underpin employment and opportunity across the UK.”

The industry has called on the Chancellor to reconsider the NIC changes and explore alternative measures that support economic recovery without endangering the viability of small businesses.

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
Her Majesty's Treasury
1 Horse Guards Road
London
SW1A 2HQ

21st November 2024

Dear Chancellor,

As the Trade Association representing the Vending and Automated Retail industry, we feel compelled to share our deep concerns regarding the recent Budget, particularly the changes to the Employer NICs. Combined with the increased national minimum wage and living wage levels, these adjustments will impose an estimated additional annual cost of £39 million on our sector.

Our industry predominantly comprises SMEs, with most employers classified as "small" under Defra and Treasury definitions—having fewer than 50 employees. For individual businesses, these changes translate into additional costs exceeding £100,000 per company. These changes come at a time when our members are already grappling with rising expenses, including fuel, energy, rates, ingredients, transport, and shipping.

We fully recognise the significant fiscal and economic challenges you face in navigating the economy through these turbulent times, and we support your commitment to improving the public finances and investing in essential services. We also acknowledge the vital role businesses play in achieving these objectives. However, the cumulative financial pressure created by these new costs—delivered at such speed—threatens to make job losses unavoidable and inflationary price increases inevitable.

The proposed NIC changes are not only unsustainable for our businesses but disproportionately affect lower earners and risk undermining flexible working arrangements. If implemented, they will undoubtedly lead to business closures and significant job losses within the next year. For an industry where contracts often span three to five years, passing on these costs to clients is not a viable option.

As a result, businesses will be forced to reduce investment, cut jobs, and significantly limit employee hours, hampering growth at a time when the economy needs it most. This approach, we fear, balances the fiscal burden on the very businesses that underpin employment and economic stability across the nation.

We appreciate the Government's ambition to deliver growth that benefits all. Yet, these changes risk undermining that goal by stifling the small businesses that provide jobs and opportunity across the UK. While addressing this issue may involve immediate fiscal costs, we strongly believe that inaction will carry far greater long-term consequences for growth, society, and public finances.

We urge you to reconsider the changes to the NICs and explore alternative measures that support rather than hinder our shared commitment to economic recovery and inclusive growth.

Signed by:

- David Llewellyn, Chief Executive
- Stuart Coutts, Executive Chairman, Connect Vending & AVA Chair
- Graham Kingaby, Managing Director, NIVO Ltd & AVA Treasurer
- Natalie Baker, Finance Director, Westways Vending
- Richard Brinsley, Managing Director – Westomatic Vending Services Ltd.
- Diane Hunter, Director, Apple Vending
- Adrian Pratt, Environment, Legislation & Marketing Manager, Benders Paper Cups
- Kelly Pugh, Managing Director, City Vending Services Ltd.
- Chris Skipper, Technical & Operations Director, NVCS Ltd
- Jason Vincent, CEO & Co-founder, Aeguana/Boost Inc
- Tom Williams, Managing Director, Coinadrink Ltd