

Spring Conference 2025

POLICY MOTION

Reversing the National Insurance Increase

MOTION AS AGREED BY CONFERENCE

Conference Notes:

- A. There are 267,000 businesses in Wales of which 99.4% are Small and Medium Enterprises (SMEs). This is higher than in England and Scotland and leaves the Welsh economy more exposed to the national insurance increase than other parts of the UK.
- B. In Wales, the majority of adult social care providers are private, with 72% of the over 2,000 sites in the sector run by private service providers. Care Forum Wales has stated that the NI rise for care providers could cause a collapse in the sector, with a £150 million funding hole needing to be plugged as a result of the changes announced in the UK Government's autumn budget.
- C. Most GPs, dentists, pharmacies and hospices fall outside of the NHS and thus are not exempt from the National Insurance rise. Many of these providers have warned that the rise will have a negative impact on the ability to tackle the healthcare crisis in Wales and have called for health and social care providers to be exempt from the rise.
- D. The national insurance rise is also hitting the tertiary sector, Cardiff University, which has recently announced large staffing and course cuts, cited a £7 million annual increase in their national insurance payments as a key financial pressure they were facing, with other Welsh universities also facing similar challenges as a result of the NI increase.
- E. Charities in Wales, who often provide essential services in our communities, have been hit particularly hard by the NI rise. Charities like the cancer care charity Tenovus are being hit with eye-watering bills, upwards of an extra £250,000 a year.
- F. There is still uncertainty over whether the increased costs from the NI increase on the public sector will be fully met by the UK Treasury.
- G. Local authorities in Wales are still unsure who will fund increases to National Insurance contributions and if they will be funded in full, potentially creating uncertainty in their budget-setting process.
- H. The OBR's assessment that the increase in employer national insurance contributions is expected to lead to stalled real wage growth at a time when Welsh employment rates are the lowest in the UK.
- I. Unemployment and economic inactivity in Wales are already significantly higher in

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Wales than England, the wage gap between Wales and England hasn't changed significantly since 1999 and the Welsh economy is already often considered less competitive than many regions of England. In the South Wales Coalfields there are just 46 jobs for every 100 working people.

Conference Believes:

- I. Labour's decision to raise national insurance contributions will:
- II. Damage the Welsh economy.
- III. Cause many Welsh companies to freeze plans for expansion and pause plans for additional staff.
- IV. May cause a significant rise in unemployment as companies and organisations look to cut costs.
- V. Prevent companies from providing employees with pay increases.
- VI. Risks damage educational standards and research outputs from Wales.
- VII. Places charities and the services they provide to local communities at significant risk.
- VIII. Potentially worsen the income gap between England and Wales.
- IX. Worsen the ability of the government and health boards to tackle the crisis in the NHS and social care in Wales.
- X. Increased costs for businesses will be passed on to customers in a period of already high inflation.

Conference Calls for:

1. The National Insurance rise to be reversed in full by the UK Government.
2. The UK Government to consider raising revenue from large banks, oil and gas giants and big tech as an alternative to the national insurance rise.

Should the UK Government not reverse the national insurance rise Conference Calls for:

- i. The added cost to public sector employers in Wales to be met in full by the UK Treasury.
- ii. Exemptions to be applied to health and social care providers and charities.
- iii. The UK Government to carry out and publish a full impact assessment into the policy's impacts on Wales.