



**Jeremy Miles MS, Cabinet Secretary for Health and Social Care**

**Dawn Bowden MS, Minister for Social Care**

cc. Albert Heaney, Chief Social Care Officer for Wales

cc: Taryn Stephens, Welsh Government

18th November 2024

**Subject: Impact of the changes to National Insurance contributions on social care providers in Wales**

Dear Cabinet Secretary and Minister,

We are writing on behalf of the social care sector to raise serious concerns about the impact of the increase in employer National Insurance contributions announced by the UK Chancellor in the Autumn Budget. Alongside the increase in the Real Living Wage, these additional costs pose a significant risk to the sustainability of the sector and its ability to continue to provide vital social care services on behalf of local government and the NHS in Wales.

You will be aware that social care providers are already facing significant financial pressures, with costs having increased over the last few years due to higher energy bills, insurance and staffing costs. Additional costs are also anticipated with overseas recruitment and changes to employment rights. Many commissioned services are already operating at a deficit, due to the insufficient funding being passed on to cover the Real Living Wage increase this year. We have written to you and your colleagues about this issue on multiple occasions, but it is yet to be resolved, despite being over half way through the financial year.

The sector therefore has very serious concerns about the further impact of the increased Real Living Wage and National Insurance costs in 2025/26, and the likelihood that sufficient additional funding will be provided.

The increase in employer National Insurance contributions has the potential to push these critical social care providers over the edge, with many facing increases of tens of thousands of pounds. This poses a huge risk to not only the sector, but also to the ability of local government and the NHS to deliver their statutory duties. Most importantly, this could be devastating for people who rely on social care services to enable them to live fulfilled lives.

The following figures have been shared by a handful of social care providers, and give an indication of the scale of the additional costs resulting from the changes to employer NI contributions:

	Estimated cost of NI changes	Estimated cost of RLW increase
Third sector provider	£875,000	£1,174,000
Private provider	£520,000	£700,000
Housing association provider	£660,000	£680,000
Third sector provider	£590,000	£780,000

Despite the UK Government’s claim that the additional tax revenue will provide additional funding for public services, the increase in employer NI contributions has the potential to do the opposite. While we hope the UK Government listens to the representations made by the social care sector,

and takes a decision to exempt commissioned social care services alongside the public sector, we ask for your assurances that the Welsh Government will step in, if this does not materialise.

In particular, we are asking you to:

- Provide additional funding in the Welsh Government's budget for 2025/26 to cover the additional National Insurance and Real Living Wage costs facing commissioned social care services across Wales.
- Ensure that this funding is clearly ringfenced to provide clarity and assurance for both commissioners and providers that enough funding has been provided to cover these costs.
- Work with local government, the NHS and provider representative groups to ensure that the required funding reaches providers at the start of the financial year.

The not-for-profit and private social care sector is absolutely critical to the delivery of social care services in Wales, providing a huge proportion of domiciliary care, supported living and residential care services. We would be extremely grateful if you could confirm your response to our requests at the earliest opportunity, to provide much needed reassurance to social care providers across Wales. We are also happy to meet with you to discuss the impact of this issue.

Yours sincerely,

Care Forum Wales  
Cymorth Cymru  
Community Housing Cymru  
Homecare Association