



**Council – 6 March 2025**

## **Notice of Motion - National Insurance Contributions**

**Notice of Motion from Councillors Lyndon Jones, Francesca O'Brien, Angela O'Connor, Will Thomas & Richard Lewis**

**This Council notes the following:**

1. On the 30<sup>th</sup> October 2024 the UK Labour Government announced that from April 2025 the rate of employers' National Insurance contributions (NICs) will increase by 1.2 per cent and the threshold employers pay employers' NICs on each employee's salary is reducing from £9,100 to £5,000 a year.
2. Additionally, the Employment Allowance will increase from £5,000 to £10,500.
3. HMRC estimates that these measures combined will impact around 1.2 million employers from April 2025, including many in Swansea.
4. The independent Office for Budget Responsibility (OBR) states this will result in an average annual tax increase in excess of £800 per employee, a jobs tax.
5. This Council is deeply concerned by the OBR report which states that in 2025-26 employers will pass on 60 per cent of the higher costs to workers and consumers via lower wages and higher prices, and from 2026-27 onwards 76 per cent of the total cost is passed through lower real wages.
6. There will be a serious impact to public services such as GPs, Hospices, as well as private contractors that are procured by the Local Authority. For example, private care homes and providers, will see increased employment costs, which in turn will increase the cost of these services to Swansea Council and the local taxpayer.

**This Council believes the following:**

- i. The changes to NICs will have a damaging impact on businesses and public services across Swansea.
- ii. That the Labour Chancellor, Rachel Reeves MP, was right when she previously referred to any increase to NICs as a "jobs tax" and "a tax purely on working people".

**Therefore, this Council requests that:**

1. Swansea Council's Cabinet considers the financial cost of NICs changes at their next meeting and report back to the next Full Council Meeting.
2. The Council writes to the Prime Minister, Sir Keir Starmer MP and Chancellor, Rachel Reeves MP to reverse this policy, which will hit people throughout Swansea hard, especially those on lower wages.