



Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

3<sup>rd</sup> November 2024

Dear Chancellor,

We are writing to you to express our profound concern in respect of your decision, announced in the Budget, to increase employer National Insurance Contributions (NICs). In particular, we seek your urgent reconsideration on the impact this policy will have on General Practices, dentists, hospices, and care homes. It is our collective view that continuing along your proposed path risks undermining patient care.

Throughout the General Election campaign, Sir Keir Starmer and other prominent members of the shadow cabinet, as it was then, including yourself, repeatedly told the British public that you would not raise taxes on working people. However, in a breach of Labour's manifesto commitment, the decision to increase employer NICs, as the Office of Budget Responsibility has observed, will inevitably be passed on to working people up and down the country in its entirety.

Whilst the Government has announced that the public sector will be exempt from the rise in NICs, such an exemption has not been extended to the aforementioned organisations who provide critical NHS services. As a consequence, these essential services will be saddled with an increase of 1.2% on employer's NICs, as well as having to start paying such contributions for staff who earn more than £5,000 a year, rather than the previous threshold of £9,100. For the Treasury to be giving to the NHS with one hand and, simultaneously, taking away with the other, defies logic.

The cost implication of the Government's decision will be substantial. It will have the consequential effect of reducing services, forcing redundancies, or even the closure of these essential services entirely.

At the General Election, the Labour Party made a promise to the British people that it would prioritise the social care sector if elected. However, alongside the announced increases in the national living wage, care homes are facing a funding gap in the region of £2.4 billion. For many care providers, who are often small businesses, the impact of the Government's policy on their staff costs will be unaffordable. Staffing will be cut, homes may be forced to close, and those in need of care will be left high and dry; either unable to receive the care they so need or, in the alternative, being faced with significantly higher costs of care. It will also have the unintended





consequence of delaying hospital discharges, thereby increasing the pressure and backlog within acute services. Far from seeking parity between NHS and social care, the Government's decision not to exempt care homes from this tax rise simply serves to promulgate the sense that social care is treated as a lower class of service.

The British Medical Association has estimated that the increase in NICs would cost an extra £865 for every employee earning £30,000. For some General Practices, this will result in tens of thousands of pounds of additional costs, which could otherwise have been more appropriately used to employ additional clinical staff. To compound matters, the Government has failed to set aside monies to compensate General Practices, who are ineligible for Employment Allowance. Consequently, many will simply not be able to afford these increases and will have to reduce their staffing and services accordingly, thereby impacting upon patient care. Therefore, we echo the call of Professor Hawthorne, the chair of the Royal College of General Practitioners, who has sought "*urgent assurances that GP practices will be given the same protection as the rest of the NHS and public sector and receive the necessary funding to cover these additional costs.*"

To govern is to choose. There is no shame in getting a decision wrong and correcting course. However, there is in failing to acknowledge such an error and resolutely continuing regardless. In light of the concerns set out above, we respectfully request that you reverse the Government's decision to increase employer NICs. At the very least, we urge you to extend the exemption for these reforms to include all those organisations who provide NHS services and support, including General Practices, care homes, hospices, and dentists.

Yours sincerely,

**Dr Neil Shastri-Hurst MP**

*Member of Parliament for Solihull West & Shirley*

Rt Hon Tom Tugendhat MBE VR MP

John Lamont MP

Peter Bedford MP

Harriet Cross MP

Rt Hon Sir Gavin Williamson CBE MP

Mark Garnier OBE MP

Baroness Hodgson

Saqib Bhatti MBE MP

Dame Caroline Dinenage MP

Helen Grant OBE MP



Lewis Cocking MP

Julia Lopez MP

Charlie Dewhurst MP

Nick Timothy CBE MP

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Rt Hon Kit Malthouse MP

Aphra Brandreth MP

Alison Griffiths MP

Lincoln Jopp MC MP

Alicia Kearns MP

Rt Hon Graham Stuart MP

Katie Lamb MP

Baroness Altmann

Andrew Snowdon MP

Robbie Moore MP

Ben Obese-Jecty MP

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Rebecca Paul MP

Bradley Thomas MP

David Reed MP

Joe Robertson MP

Greg Smith MP

Rebecca Smith MP

Patrick Spencer MP

Peter Fortune MP

Shivani Raja MP

Gregory Stafford MP

Sir Alec Shelbrooke MP

Gareth Bacon MP

James Cartlidge MP