

Dear MP,

Third Sector Impact of Employer National Insurance Contributions Increase

I am writing to you on behalf of the Health and Social Care Alliance Scotland (the ALLIANCE) to raise our deep concern about the impact of the UK Government's decision to increase employer National Insurance Contributions (NICs) from 13.8% to 15.0%. As the national third sector intermediary for health and social care, we have previously joined with third sector organisations across the UK to highlight the serious risks this decision entails, including a [joint letter to the Chancellor led by NCVO and ACEVO](#).

Whilst we recognise the difficult circumstances facing public finances and welcome the UK Government's willingness to raise revenues to fund services, the cost to the third sector of raising employer NICs will outweigh any benefits. In Scotland, the Scottish Council for Voluntary Organisations (SCVO) [estimate that the cost](#) to the third sector of the NICs increase to be £75 million next year. The impact that this will have on the sector cannot be overstated – it poses an existential crisis.

Having already faced significant pressure over an extended period (as highlighted in the ALLIANCE's 2023 '[Stretched to the Limit](#)' report), for some organisations these additional costs could make the difference between viability and closure. For many others, it will lead to service reductions, handing back contracts, and to redundancies amongst the workforce.

We were disappointed that the Chancellor dismissed calls from the third sector for reimbursement. It must be understood that a significant proportion of third sector funding originates with the public sector, and the services funded this way are ultimately public services, which offer valuable employment opportunities.

As such failing to provide support for the additional costs facing the third sector whilst the UK Government does so for the public sector will simply further entrench inequalities between public service providers in the two

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sectors, to the detriment of services, staff, and people accessing support.

The third sector must be better recognised and valued for the invaluable and irreplaceable work that it does. The economic contribution made by the third sector is substantial, estimated to employ over a million people across the UK and 133,000 people in Scotland alone, approximately 5% of the workforce. We therefore urge you to show your support for the sector by calling on the UK Government to commit to fully reimbursing third sector organisations for the additional NICs costs.

Yours sincerely,

Sara Redmond

A handwritten signature in black ink, appearing to read 'Sara Redmond', written in a cursive style.

Chief Officer - Development