

Motion for Finance & Administration Committee 10/12/2024

Cllr Carol Braithwaite

National Insurance Increase

Neston Town Council is deeply concerned that Town and Parish Councils will not be compensated for the changes in Employers National Insurance Contributions, which will be introduced in April 2025.

From April 2025 Employer's National Insurance Contributions will increase by 1.2% and the threshold at which employers must contribute to National Insurance will be reduced to all employees earning £5000 or more.

Principal Councils, like Chester West and Cheshire, will be compensated for revenue lost due to the National Insurance rises but Town and Parish Councils like Neston will not – as the criteria used to determine whether compensation can be received is whether the organisation receives direct funding from the Government.

The National Insurance increases are predicted to cost Town and Parish Councils in England an extra £10 million each year – roughly £615 extra for every employee earning over £9000.

Neston Town Council welcomes pay increases and additional National Insurance support for local government employees. However, by passing the bill onto local Town and Parish Councils, the Government is forcing us to choose between possibly increasing Council Tax precepts more than anticipated or make cuts to grants for local projects and services.

PROPOSED RESOLUTION:

Neston Town Council resolves to write to the Minister for Housing, Communities and Local Government to demand that the compensation formula is changed so that Town and Parish Councils receive the same compensation as Principal Councils for financial losses due to the forthcoming National Insurance changes.

MOTION ENDS

Date of submission to the Chief Officer (via email): 25/11/24.

Suggested background reading via NALC:

<https://www.nalc.gov.uk/resource/nalc-is-concerned-about-costs-to-parish-and-town-councils-from-increased-employer-national-insurance.html>