

**NOTICE OF MOTION**  
**COUNCIL MEETING – 16 JANUARY 2025**

**Proposed by: Councillor Mike Prendergast**

**Seconded by: Councillor Tony Brough**

**National Insurance Increases Will Damage Local Businesses & Vital Services**

On taking office, the current Labour government inherited the fastest growing economy in the G7, inflation back at the Bank of England target of 2% and employment levels at record highs.

During the election campaign, the Labour Party repeatedly stated they would not increase taxes on working people. Despite this, in the Labour Budget, National Insurance contributions for employers will be increased from April 2025, increasing from 13.8% to 15%, this equates to a tax increase for employers of almost 9%.

The threshold which employers must contribute to National Insurance will also be reduced, from £9,100 to £5,000 per year.

The Office of Budget Responsibility (OBR) has stated that *“policy changes leave nominal and real earnings growth lower of the remainder of the forecast as employers pass on the National Insurance contribution rise.”*

The OBR further notes that *“in 2025/26 firms will pass on 60% of the higher costs to workers and consumers, via lower wages and higher prices.”*

Businesses, large and small, have criticised the plans confirming that job losses, price hikes and reduced wage increases will follow.

Many vital services, such as nurseries, hospices and charities will also be hit by the huge increases in National Insurance.

There are around 8,000 businesses across Sefton, large, medium and small, who will be directly affected by the changes.

**It is untenable to suggest that all of this does not amount to a tax on working people.**

Council believes:

- That raising revenue through excessive increases on employer’s National Insurance contributions is wrong and will lead to job losses, fewer jobs being created, increased prices and reduced wage increases.

- That increasing employer's National Insurance contributions does amount to a tax on working people that will be detrimental to the people of Sefton.
- That the increases will lead to higher costs for Sefton Council when dealing with third party contractors and will place greater pressure on council finances and make it harder to deliver vital services.

Council resolves to:

- To place on record our disappointment regarding the National Insurance increases and the damaging impact it will have on all those who live and work in Sefton.
- To request that the Leader of the Council write to the Chancellor of the Exchequer to ask her to reconsider the proposed changes which are undeniably damaging to businesses and vital services.