

3rd April 2025



Open letter for the concern of Rachel Reeves, Chancellor of the Exchequer
Copied to: Darren Jones, Chief Secretary to the Treasury

You still have time to mitigate the impact of the National Insurance Contributions (Secondary Class 1 Contributions) legislation on millions of people who draw on care and support

We are writing to you together with our members, Methodist Homes (MHA) and on behalf of our wider membership, who are all charities or not-for-profit organisations, and who collectively deliver care and support to hundreds of thousands of people with learning disabilities, autistic people and older people.

We want to outline our concerns about the impact the increases in and extensions of employer's National Insurance Contributions will have on the people our members support. Nuffield Trust¹ estimate that when combined with National Minimum Wage rises the additional burden on the 18,000 independent organisations providing adult social care in England will be an estimated £2.8bn. The £880m allocated in the local government finance settlement will not cover this leaving some Local Authorities stretched and offering very low uplifts, some as low as 0%.

We propose below how a bridging fund could mitigate this impact.

The Reality Facing People Accessing or Trying to Access Care and Support Services

There now exists an opportunity for you to adopt a policy that would mitigate the impact of these National Insurance increases on the people they will affect the most – those who draw on care and support every day to live fulfilling lives. This would avoid a return to what The King's Fund² has identified as a 'doom loop' caused by nearly a decade's worth of rising cost, including wages, without adequate funding leading to pressure on stretched local government budgets, resulting in less care available to those who need it as service provision shrinks.

Following the debate between the House of Lords and the House of Commons we know that an exemption for adult social care providers is unlikely at this point, however there is still a way to mitigate the impact. It is still not too late.

Our suggestion is that you create a bridging fund

¹ [Social care providers at risk of collapse as analysis reveals cost to sector of employer national insurance hike | Nuffield Trust](#)

² <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/social-care-360>

One of our members, Methodist Homes (MHA)³, has proposed a ‘bridging’ fund that would enable adult social care employers to move towards the proposed fair pay agreement for care workers, and to be able to align when this framework is ready in a couple of years’ time.

We suggest this funding pot be at least equivalent to the sector’s overall losses resulting from changes to employer’s National Insurance Contributions (ENICs) announced in the Autumn 2024 Budget.

A bridging fund would make the transition towards delivering a successful fair pay agreement much smoother for the sector. It would reassure care professionals that they are recognised, valued and on a trajectory to be rewarded fairly for what they do. This would be very timely in respect of the additional DHSC announcement for care professionals to take on more delegated healthcare tasks, to help with efficiencies in the NHS. It would also help the sector remain sustainable while we await the outcomes of the Casey Commission on adult social care.

This bridging fund could be administered direct to care providers or via local authorities as ‘ring-fenced’ funding, based on numbers of employees at each care provider.

Without this bridging fund, the sector risks contracting, jeopardising care and support for millions of people, and moving further away from its ability to deliver on the fair pay ambition.

On behalf of the people with learning disabilities, autistic people and older people our members support, and the millions of others supported by the wider sector, we sincerely hope you will implement this much needed emergency measure ahead of 6th April.

Kind regards,



Liz Jones, Policy Director, National Care Forum



Sam Monaghan, Chief Executive, Methodist Homes (MHA)

³ <https://mha.org.uk/>