



National Insurance Contributions (Secondary Class 1 Contributions) Bill

COMMITTEE STAGE BRIEFING

Wales Council for Voluntary Action (WCVA) is the national membership body for voluntary organisations in Wales. Our purpose is to enable voluntary organisations in Wales to make a bigger difference together.

The National Insurance Contributions (Secondary Class 1 Contributions) Bill has significant implications for the voluntary sector.

We would like to ask you to support amendments at the Committee Stage that safeguard the financial sustainability of charities and voluntary organisations.

These organisations deliver vital, often statutory public services for some of society's most vulnerable and are already operating on wafer thin margins in the face of rapidly rising demand.

We recently surveyed 100 charities in Wales, and 78% reported increased demand, while 50% said they could not meet that demand fully or at all. Almost half of those that receive public funding to deliver services, said their grants do not cover the true cost of delivery. They are having to supplement this with their reserves.

Yet the increase in the Employer's National Insurance Contributions will place some organisations under significant additional strain (while public bodies are being exempt from the increase). For example:

- Marie Curie estimated additional costs of £258,000 in Wales
- Tenovus Cancer Care expect £250,000 which would lead to cuts to services to the NHS
- Citizens Advice Pembrokeshire estimate £38,000
- Wastesavers Charitable Trust - £107,000
- Cwm Taf Morgannwg Mind - £20,000
- Age Connects Morgannwg - £47,000

THESE INCREASES WILL HAVE AN IMPACT ON SERVICE DELIVERY

The increases will force organisations to make tough choices, including scaling back services.

Crucially, these costs will translate in real terms into job losses, fewer people employed to deliver critical services and fewer services delivered to people in need, including in partnership with organisations like the NHS. This will have a clear negative impact on the communities these organisations support.

The increases will place the sector under unsustainable financial pressures. We are starting to see that the voluntary sector simply has no more room to absorb increases in costs after the pandemic and cost of living crises. Recent developments have demonstrated this:

- Last year, Chwarae Teg, one of Wales' most impactful gender equality charities, [closed due to funding issues](#).
- In the last few days, a critical voluntary sector infrastructure body in England entered into administration - [Greater Manchester Centre for Voluntary Organisation](#) (GMCVO)

In our recent survey of 100 charities in Wales 84% told us they were concerned about not being able to afford the National Insurance increase. To accommodate these substantial increases:

- **50%** are considering using more charity reserves

- **40%** are considering not offering pay rises to match inflation
- **34%** may reduce the number of full-time staff
- **26%** may reduce the number of part-time staff
- **24%** are considering reducing service delivery
- **14%** are considering service closure

WHY YOUR SUPPORT MATTERS

Supporting amendments that will exempt the voluntary sector from the National Insurance increases will:

- Ensure charities can retain staff essential for delivering high-quality services.
- Protect organisations that play a critical role in providing vital community services and in achieving national and local objectives.

SUGGESTED AMENDMENT

We would like to ask you to support amendments that will ensure voluntary organisations are not out of pocket – through exemption, remuneration, or other means.

REQUEST

We ask you to:

1. Raise the interests of the voluntary sector in the debate.
2. Support and call for support of these amendments during the voting process.

Thank you for your time and commitment to supporting the voluntary sector. Your advocacy will make a meaningful difference to communities in Wales.

Yours sincerely,

Charles Whitmore
Head of Strategic Partnerships