

BY EMAIL to:

The Right Honourable Dame Diana Johnson MP

Emma Hardy MP

Karl Turner MP

The Right Honourable Graham Stuart MP

Charlie Dewhirst MP

The Right Honourable Sir David Davis MP

11 November 2024

Dear Colleague

Re; Budget Implications on the Voluntary and Community Sector

We are writing to you as leaders of voluntary and community sector infrastructure organisations working across both Hull and the East Riding of Yorkshire. We are responding to the budget proposals to increase employer National Insurance Contributions from April 2025 and are concerned at the significant and potentially devastating impact this will have our sector.

The voluntary sector across both Hull and the East Riding continues to provide a wide range of valuable services and activities to people living across a diverse range of local communities at a time of greatest need, relieving pressure on statutory services and providing a lifeline for those communities facing isolation and exclusion. We are proud of the difference we continue to make.

We are providing services at a time of increased financial challenge and hardship, where we are increasingly being asked to meet the shortfall we face from our current commissioned contracts. Whilst the value of these contracts has not increased year-on-year, we are required to absorb increasing staff and operational costs whilst trying to meet an increased demand for our services from local communities. The ask is to do more for less year-on-year.

The proposed increase in employer National Insurance contributions places both our infrastructure organisations and the wide network of community and voluntary organisations we support and the valuable services we provide at risk. The reality of this increase impacts all of our organisations and our sector will have less flexibility than ever before to absorb these increasing costs. Many of us will have to make difficult choices in the coming months as a result.

The harsh reality is that many organisations may be forced to reduce staff, cut salaries, and most importantly, scale back services for the very people they strive to support. The reliance on the services and activities our sector provides has continued to grow exponentially, particularly following the pandemic. It was our sector who were able to step up, adapt and provide in response to the challenges and issues resulting from the pandemic, which has only highlighted the importance and value of our sector as an equal partner. However, we feel the recent announcements did not acknowledge the value of our sector or demonstrate any understanding around our longer-term sustainability.

Our commitment to our workforce, the majority of which comes from our local communities, remains strong. Nationally charities employ almost 1 million people, meaning charities of all sizes will severely feel the impact of the employer NICs increase. NCVO's initial estimates have found the increases will create an annual additional bill of £1.4bn.

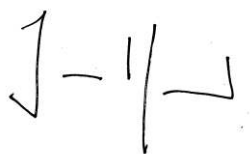
Many of us already subsidise the shortfall in our local Government and NHS contracts using fundraising or cash reserves. Research from NCVO found that almost 3 out of 4 charities are withdrawing from public service delivery or considering doing so, and most are reducing their services in order to reduce costs. This is unsustainable for our communities. Not only do charities deliver almost £17bn worth of public services every year, but many of us also provide support when public services fall short, without receiving any public funding at all.

The Government has recognised the challenging impact of raising employer NICs in your decision to reimburse the cost to public sector organisations. As essential partners of the state, through direct public service delivery, and by providing preventative services where austerity has left a void. The voluntary and community sector requires the same support. We urge you to commit to reimbursing voluntary organisations' increased employer NICs, the same as the Government has indicated they will do for the public sector.

Across Hull and the East Riding of Yorkshire we are making significant progress with our public sector partners around the future role of the voluntary and community sector and exploring how our services can be better resourced, integrated and sustained within communities. This will take time and will not provide an immediate solution. Without urgent action and commitment the likelihood is that organisations communities know, and trust, will close. Services will be reduced or withdrawn leading to increased pressure on already overstretched public services.

If it would be helpful, we would be keen to meet with you to discuss our concerns and provide further information.

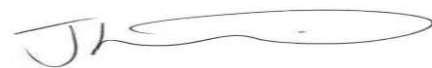
Yours sincerely

A handwritten signature in black ink, appearing to read "J-Stamp".

Jason Stamp
Chief Officer
Forum CIO

A handwritten signature in black ink, appearing to read "H. Grimwood".

Helen Grimwood
Chief Executive Officer
Hull CVS

A handwritten signature in black ink, appearing to read "JL".

Jamie Lewis
Chief Executive
HEY Smile Foundation

Copy to:

Matt Jukes – Chief Executive, Hull City Council

Mike Ross – Leader, Hull City Council

Erica Daley – NHS Place Director, Hull

Alan Menzies – Chief Executive, East Riding of Yorkshire Council

Anne Handley – Leader, East Riding of Yorkshire Council

Simon Cox – NHS Place Director, East Riding of Yorkshire

Stephen Eames CBE – Chief Executive, Humber and North Yorkshire Health and Care Partnership

Sue Symington – Chair, Humber and North Yorkshire Health and Care Partnership