Carefree holidays, ev

Find out more

New Fuel

New Device Low
55%

Ecochip

Time to halt National Insurance tax hike; it will not fix social care crisis – Ros Altmann

THE Government is right that social care is in crisis and I believe the funding problems for care represent the biggest failure of social policy in modern times.

By Ros Altmann
Friday, 28th January 2022, 7:04 am

Should the Health and Social Care Levy be paused due to the cost of living crisis? Tory peer Ros Altmann makes the case.

However, the planned rise in National Insurance – called a 'health and social care levy' – will actually be spent mostly on the NHS to address Covid-related backlogs and increased costs.

Boris Johnson's social care plan lacks detail and ambition – The Yorkshire Post says

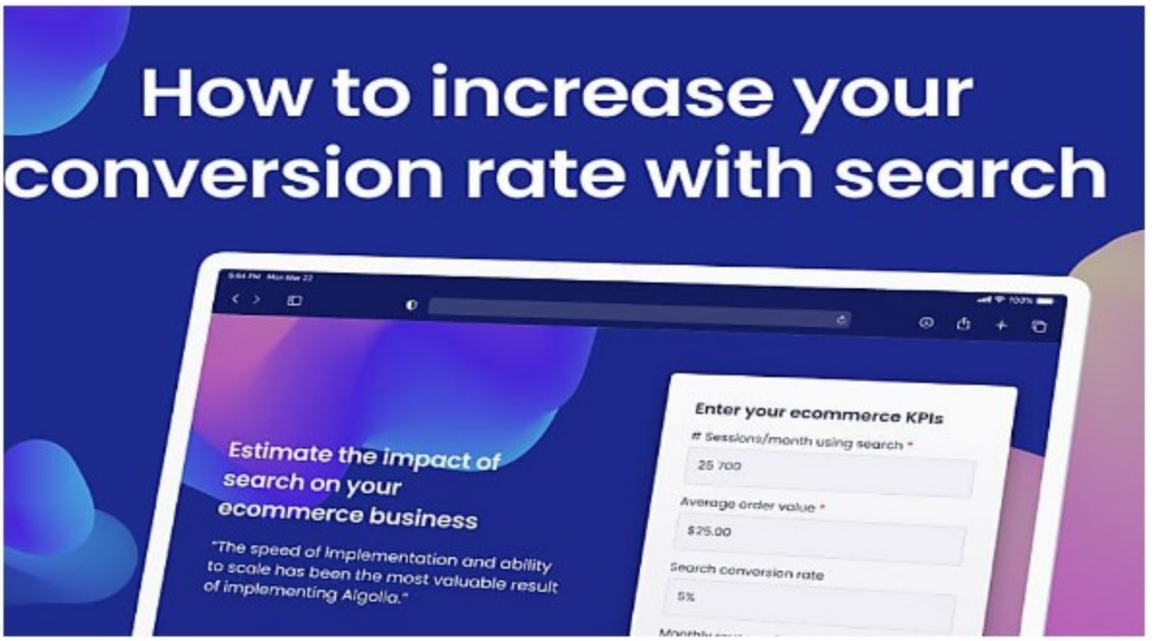
Want more from The Yorkshire Post?

Subscribe today

Subscribe today from just £3 per month to become eligible for our Premium offers and help us continue telling Yorkshire's stories for generations to come.

Sponsored Links

Recommended by outbrain



Get an instant estimate of your search revenue

Algolia | Sponsored

Very little of the £36bn it is expected to raise over the next three years will be spent on social care. Only 15 per cent of the money (around £1.8bn a year) will help social care. My analysis is this:

TOYOTA YARIS CROSS
SELF-CHARGING HYBRID
FIND A LOCAL DEALER >

Baroness Ros Altmann is a Tory peer and former pensions minister.

Advertisement

New Fuel Saving Trick Takes UK

Ecochip Open >

Government should scrap the NI rise – it is the wrong tax at the wrong time and won't fix social care: The NI rise is due to begin from this April, imposing a 2.5 per cent rise in taxes on earnings (1.25 per cent on employers and 1.25 per cent on employees).

These plans should be put on hold or ideally scrapped altogether for three important reasons. This is the wrong tax to increase, comes at the wrong time for the country and will not fix the social care crisis anyway.

Wrong time – April will see families hit with rising fuel bills and soaring inflation: Since the planned NI rise was announced, inflation has taken off sharply. Price rises are already at a 30-year high, with the cost of essentials such as heating, food and fuel, rising by even more than the five per cent inflation rate.

With another hike in the energy price cap in the pipeline for April, now is not the moment to add to the burden on hard-pressed working families who are already on a financial knife-edge.

Advertisement

New Fuel Saving Trick Takes UK

Ecochip Open >

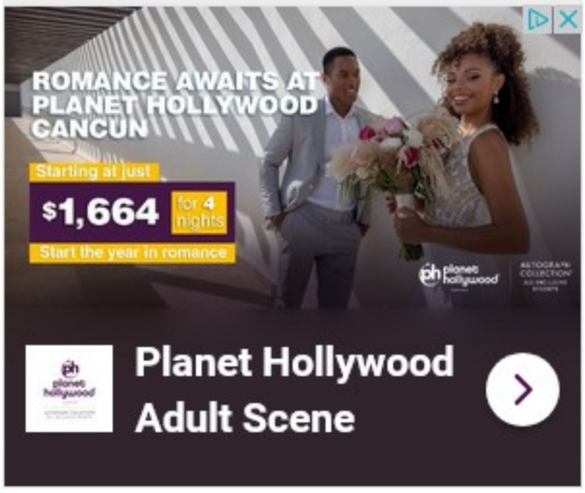
Should the Health and Social Care Levy be paused due to the cost of living crisis? Tory peer Ros Altmann makes the case.

Wrong tax to raise as it hits lower earners hardest but others pay nothing: Lower income households, hard hit by the pandemic and already struggling most with inflation, will be worst affected by the NI increase. This is hardly 'levelling up'.

Anyone earning over £9,564 pays NI, while only those earning over the tax threshold of £12,570 start paying tax. This is an unfair way to fund the NHS and social care, because it places the burden only on a section of society, rather than fairly across the population.

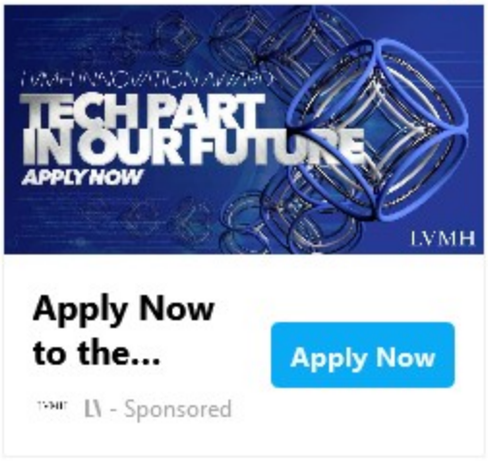
Anyone living on a large pension income or buy-to-let properties pays nothing extra at all. This seems particularly wrong because the first people to call on the social care system in coming years are likely to be pensioners who have already stopped working.

Advertisement



A new tax penalty on working past pension age may drive more people to retire sooner, leaving them and the country poorer: It is true that this new NI charge will apply to previously-exempted dividend income and earnings of those working past pension age.

ADVERTISING



But a sudden National Insurance tax rise on older workers – who want or need to keep working – will perhaps drive some to retire sooner, reduce their savings and leave them with less money to sustain themselves as they get older.

This short-sighted measure will push extra costs onto their families and future taxpayers.

Most of the revenue from the NI rise is going to the NHS and won't help social care: The Government expects to raise £36bn over the next three years from the new health and care levy. However, the money will initially be used for the health service, with only 15 per cent destined for social care. The rest will be to fix the NHS backlog, cost increases and staff shortages.

Advertisement

New Fuel Saving Trick Takes UK

Ecochip Open

This means, even after a painful NI increase, the social care crisis will not be fixed. There are widespread staff shortages and funding shortfalls in care, which leave over a million people needing care but getting no support. Councils have had to severely ration care spending in recent years, withholding help from those with moderate needs.

Social care needs radical funding reform – an earmarked nationwide care insurance levy, spreading costs more fairly: The Government needs to be radical. The current system places too much burden on the vulnerable individuals who need care and have some savings or other assets and the new NI rise places too much burden on the young, employers and lower earners.

A fairer system would see everyone paying something towards care, spreading the costs fairly across society with a social care contribution from all income. A new nationwide care insurance levy, which everyone pays regardless of where their income comes from.

Time for a rethink – pause and reconsider: Having kicked this can down the road for so long, it would not be right to go ahead with an ill-conceived tax that will fix nothing and be highly damaging for families and businesses at such a vulnerable moment.

Advertisement

New Fuel Saving Trick Takes UK

Ecochip Open

Yes, addressing the care crisis is an urgent national priority, but increasing National Insurance is not the way to do it and now is definitely not the time. Rather than ploughing ahead with the wrong solution, at the wrong time, just for the sake of doing something, the brave thing to do is hit the pause button.

Baroness Ros Altmann is a Tory peer and former pensions minister.

Support The Yorkshire Post and become a subscriber today. Your subscription will help us to continue to bring quality news to the people of Yorkshire. In return, you'll see fewer ads on site, get free access to our app, receive exclusive members-only offers and access to all premium content and columns. Click here to subscribe.