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Scrap National Insurance hike to protect families from cost-of-living crisis, says former Tory minister

'Now is not the moment to add to the burden on hard-pressed working families who are already on a financial knife-edge'



The cost of living has soared with Britons paying more for food (Photo: Getty)



By Serina Sandhu

Senior Reporter

January 25, 2022 6:00 am (Updated 6:01 am)



The **National Insurance hike should be scrapped** because it will make families even poorer amid the **cost-of-living crisis, a former Conservative minister has said.**

Workers are set to **lose an extra 1.25 per cent** of their income to the tax from April, in a move billed by the Government as funding social care. But Baroness Ros Altmann has warned “it’s the wrong policy at the wrong time and won’t fix social care anyway”.

The “brave thing to do is hit the pause button” rather than ploughing ahead “just for the sake of doing something,” she told the Government.

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Inflation has rocketed to 5.4 per cent and in April, the **energy price cap could go up by as much as 50 per cent**, expected to cost the average household hundreds of pounds each year in bills.

While **there are growing calls from senior Conservatives** to delay the health and social care levy, which will raise £36bn over three years, Boris Johnson indicated it would go ahead, saying: “We’ve got to make that investment in our NHS.”

Baroness Altmann warned that “just as their bills will be soaring, people’s pay packets will be reduced by the extra NI they have to pay”.

“Now is not the moment to add to the burden on hard-pressed working families who are already on a financial knife-edge.”

The former pensions minister said the policy is inadequate at raising funding for social care as most of the money would go towards the NHS.

“While I applaud the Government for trying to address the social care crisis, rather than continuing to sweep it under the carpet as so many previous governments have done, a hike in National Insurance contributions in the middle of the worst cost-of-living crisis for a generation and imposing new taxes on businesses just trying to recover from the pandemic, is not the way to do it.”

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People who are above state pension age will also be liable to pay the health and social care levy from April 2023 but Baroness Altmann warned it could force them to retire early.

It would “perhaps drive some to retire sooner, reduce their savings and leave them with less money to sustain themselves as they get older,” she said.

“This short-sighted measure will push extra costs onto their families and future taxpayers and reduce long-term growth.”

Former Brexit Secretary David Davis backed the move at the weekend, arguing it was “in the interest of working families and the growth of the economy”. Robert Jenrick, who voted for the tax increase last year when he was Housing Secretary, meanwhile said the quickest way to “alleviate pressures on household budgets would be to postpone the hike”.

A Government spokesperson said: “We’ve taken decisive and historic action, with our Health and Social Care Levy due to raise around £13bn a year for the NHS and social care. It is a progressive tax with those earning more paying more.

“This will benefit people up and down the country, including by tackling the backlog that the pandemic has created on NHS operations and procedures, strengthening the adult social care system so that people do not have to bear the financial risks of catastrophic care costs themselves, and funding a 3% pay-rise for nurses.” **i**