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Dear Peredur

## National Insurance uplift 2025-26

Further to our letter dated 23 January 2025, where we set out our approach to funding national insurance increases in response to recommendation 13 of the Finance Committee's report - the *Annual scrutiny of the Wales Audit Office and the Auditor General for Wales* – we are writing to provide you with an update on the estimated cost of the national insurance increase for 2025-26.

In our evidence session on 7 November 2024, Adrian indicated that our initial estimate of the cost of the national insurance uplift was in the order of £200k. Since then, we have received details of the changes to national insurance bandings and have been able to calculate the cost more accurately, at some £400k. As we explained at that evidence session, and in the Estimate itself, we had not budgeted for the uplift, as the announcement was only confirmed the day before we laid our estimate. We explained therefore that it was our intention to submit a supplementary estimate to fund the additional cost, in line with the planned approach of the other directly funded bodies.

We have carefully considered whether we could fund the extra cost by identifying savings and efficiencies, but with an already challenging WCF savings target of £200k needed to balance our finances in 2025-26, we are unable to do so. As such, it is still our intention to submit a supplementary estimate for £400k in April for consideration by the Committee at its meeting on 7 May.

We would be very happy to discuss this with you, and to provide any additional information you need.

Yours sincerely



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