

## Impact of increases to employer National Insurance Contributions (ENICs) on children's hospices

### A briefing from Together for Short Lives

#### Summary

- At the Autumn Budget, Chancellor of the Exchequer Rachel Reeves announced that the rate of employer National Insurance contributions (ENICs) will increase from 13.8% to 15% from April 2025.
- With no exemptions for charities, Together for Short Lives has conducted a survey to understand the impact of this policy on children's hospices in England.
- We have found that, as a result of the increase to ENICs, children's hospices now face additional costs that will further threaten their ability to provide lifeline care to seriously ill children and their families.
- Specifically, the UK Government's decision to increase the rate of ENICs will increase the cost of providing lifeline hospice care to seriously ill children by £4.9 million across the sector.
- These additional costs come at a time when children's hospices are already struggling with rising costs and falling local NHS and council funding.
- Urgent action is needed to reimburse children's hospices for the rise in ENICs, maintain NHS England's £25 million funding for children's hospices as a centrally-distributed, ringfenced grant – and increase it to reflect growing costs.
- If ministers do not act now, children's hospice services will be cut, increasing the risk of families reaching crisis point and ramping up demand for already overstretched NHS services.

#### Introduction

- Whether it be through short breaks for respite, help with accessing the right services or support through the loss of a child and beyond, children's hospices across England are a crucial source of support for seriously ill children and their families.
- Approximately a third (30.2%) of children's hospices' charitable expenditure is paid for by the state - that is, from NHS England, local NHS bodies (known as integrated care boards, or ICBs) and local authorities.
- The proportions of children's hospices' charitable expenditure that each funding source accounts for is as follows:

- NHS England funding for children's hospices – 16.17%
- ICB funding – 11.41%
- Local authority funding – 2.64%
- Inflationary pressures and an ongoing lack of long-term and sustainable statutory funding has meant the proportion of charitable expenditure that is covered by the state has decreased by three percentage points since 2022/23.
- As such, children's hospices are having to increasingly rely on their charitable income and reserves to provide lifeline care and support to seriously ill children.
- Despite already struggling financially, the UK Government's decision to increase the rate of ENICs, and refusal to exempt charities from this policy, will exacerbate challenges confronting children's hospices and further threaten their ability to provide lifeline care to seriously ill children and their families.
- To measure the impact of this policy, we have conducted a survey of the 35 children's hospice organisations in England, asking about how the increase in ENICs will affect:
  - The cost they incur in employing staff to provide hospice and palliative care to children and young people in 2025/26.
  - Their charitable expenditure in providing hospice and palliative care to children and young people in 2025/26.
- In total, 20 children's hospice organisations responded to the survey, equating to a 57% response rate. The responses came from children's hospice organisations across England.

### **Impact on the cost of providing children's hospice care**

- We have found that as a result of the increase to ENICs, the costs children's hospices incur in employing staff to provide lifeline care to seriously ill children and their families will drastically increase.
- From our survey, we estimate these costs will increase by 2.68% rising on average by £133,966.49 per hospice.
- When extrapolated to all 35 children's hospice organisations in England, the overall impact of these increases on the cost of employing staff to provide hospice and palliative care to children is expected to total £4,689,876.98.
- When it comes to children's hospices' charitable expenditure, we have found that this will increase by 2.18% rising on average by £140,484.29 per hospice.

- When extrapolated to all 35 children's hospice organisations in England, we have calculated the overall increase in hospices' charitable expenditure to total £4,916,949.98.
- As a result of these changes, and without further support, reserves will be depleted, jobs will be at risk, and vital children's hospice services will be cut.

### Future NHS England funding for children's hospices

- Children's hospices are also continuing to contend with the uncertainty surrounding the future of NHS England's £25 million funding for children's hospices, formerly known as the Children's Hospice Grant.
- On 13 November 2024, Wes Streeting, Secretary of State for Health and Social Care confirmed that the Children's Hospice Grant will continue, with a formal announcement expected before Christmas.<sup>1</sup>
- The Secretary of State also acknowledged the added pressures hospices face due to the increase in National Insurance contributions (NICs). He noted that he is exploring how the UK Government can address these additional pressures through the grant and the broader challenge of balancing statutory and charitable funding.
- Accounting for approximately 16% of children's hospices' charitable expenditure, the grant is a crucial and welcome contribution to the cost of providing care to children and families.
- It is therefore encouraging to hear the Secretary of State for Health and Social Care confirm the grant will continue. However, with rising costs and delays in accessing funding this year, it is vital that the Government confirms this funding will be:
  - Ringfenced to protect it from being diverted to other areas.
  - Centrally distributed by NHS England to avoid delays. This year, the funding was disseminated via Integrated Care Boards (ICBs) as part of a wider move to a devolved NHS, leading to significant delays for many children's hospices in accessing their 2024/25 funding.
  - Increased in line with inflation and rising costs, including the increase in employer National Insurance Contributions set to come into force next year.

### Wider concerns around funding for children's hospices

- The additional costs associated with the increase to ENICs comes at a time when children's hospices are already struggling with rising costs and falling local NHS and council funding.

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<sup>1</sup> **BBC Sounds.** (2024). BBC Radio 4 Today: 13 Nov 2024, 2:21:33-2:22:40. Available at: <https://www.bbc.co.uk/sounds/play/m0024w8h>.

## Local NHS funding

- In 2023/24, children's hospices received, on average, nearly 10% less funding from ICBs compared to 2022/23 and over a third (31%) less funding when compared to 2021/22. At the same time, children's hospices' charitable expenditure has increased by 15% since 2021/22 from an average of £3,633,197.
- The Health and Care Act 2022 imposed a legal duty on ICBs to commission palliative care as they consider appropriate for meeting the reasonable requirements of the people for whom they are responsible.
- Despite this, our recent freedom of information (FOI) requests found huge variance in local NHS funding for children's hospices from integrated care boards (ICBs) in England.
- On average, ICBs spent £149.15 for every case of a life-limiting or life-threatening condition among children and young people aged 0-24 in their local area.
- However, the amounts spent by each ICB varied by as much as £366.42. Whilst Bristol, North Somerset and South Gloucestershire ICB spent the most with an average of £397.01 per child or young person, Northamptonshire ICB spent the least with an average of £30.59 per case.

## Local authority funding

- Under the Children Act 1989, local authorities are required to provide services designed to assist family carers of disabled children 'to continue to provide care, or to do so more effectively, by giving them breaks from caring'.
- Yet, we have found Local authority funding for children's hospices has also fallen in the past year, decreasing by 26% from average of £149,939.92 in 2022/23 to £110,767.56 in 2023/24.

## The impact of funding changes

- As a result of a lack of long-term and sustainable statutory funding coupled with the increasing costs incurred when providing lifeline care to seriously ill children and their families, over a half (51%) of children's hospices in England ended the 2023/24 financial year with a net deficit.
- When extrapolated across all 35 children's hospice organisations in England, we estimate a total shortfall of £8 million. This is before increases to ENICs are considered.
- Looking ahead to 2024/25, the picture gets even worse, with nearly three quarters (69%) of children's hospices forecasting a net deficit with the total shortfall across all 35 organisations estimated to reach just over £25 million.

## Urgent action is needed

- In the announcement expected before Christmas, we call on the UK Government to make sure that children's hospice care is sustainable for the long-term and funded on a more equitable basis.
- Specifically, we urge the UK Government to:
  - Reimburse children's hospices for the rise in ENICs.
  - Maintain NHS England's £25 million of funding for children's hospices as a centrally-distributed and ringfenced grant.
  - Increase NHS England funding for children's hospices in line with inflation and rising costs.
- Additionally, to address the wider £295 million annual gap in NHS spending on children's palliative care, we call on the UK Government to review the way in which children's palliative care is planned and funded.
- In addition to examining how the £295 million funding gap can be filled, the review could also explore:
  - Whether children's palliative care would be more effectively commissioned at a national or regional level to create economies of scale.
  - How NHS and voluntary sector providers in England, including children's hospices, can be funded equitably and sustainably for the long-term.

## For more information

For more information about children's hospice funding, please see the full report entitled ['Short lives can't wait: Children's hospice funding in 2024'](#).

For more information about the issues confronting the wider children's palliative care sector, please see the full report entitled: ['Short Lives Can't Wait: the state of the children's palliative care sector in 2024'](#).

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