



Greater Manchester
Chamber of Commerce

The Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
His Majesty's Treasury,
1 Horse Guards Road,
London,
SW1A 2HQ

17th February 2025

Dear Chancellor

Greater Manchester Chamber is the largest in the UK with over 4200 member businesses who between them employ over 600,000 people. The Chamber is the designated Employer Representative Body for the GM Local Skills Improvement Plan and we are a founding partner in the GM Enhanced Trade Partnership reflecting our expertise in supporting overseas trade opportunities.

As the Chamber's Presidential team, we are writing this on behalf of our members who have been in touch over the last few months sharing feedback on current government policy and their concerns over announcements made in the Autumn Budget in October.

We are all supportive of a pro-growth strategy and in your speech on 29th January the confirmation of the Old Trafford growth zone alongside acknowledgement of the work done in Stockport was welcome.

We were, however, slightly concerned that the headline announcements seemed, once again, to have a heavily skewed focus on the South East of England, something that we had hoped would have been left behind with the previous government. As you know, being a Northern MP yourself, there is a long-standing inequality around investment in the north which needs addressing quickly and effectively to put right the decades of under-investment especially as regards infrastructure.

Your announcement around speeding up planning processes coupled specifically with the long overdue review of the 'Green Book' should start to help to address this imbalance, but it needs investment now, not when the above review has taken place. Those changes should be effective in the longer term, but changes are needed now to offset what will be, for many, a challenging 12 months ahead.

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At the start of your speech on 29th January, you reaffirmed the measures set out in the Autumn Budget around increasing Employers National Insurance. This is the single biggest issue that is creating most concern at present when we speak with other business owners, especially coupled with rises in National Minimum Wage and National Living Wage that will hit part-time workers and low skilled jobs the most.

The Chamber has been collecting evidence from business owners of the impact this will have from April when the measures come in and it makes worrying reading:

- Architects firm – 180 staff will be paying £200,000 extra in National Insurance
- Logistics firm – 30 staff will be paying £20,000 extra in National Insurance and £70,000 extra to pay NMW with possible job losses.
- We have heard from a number of businesses who are revisiting their recruitment plans (all planning to cut back) and several businesses who will not be taking Apprentices on.
- Our calculations show that, taking into account GM's median wage, a business with 10 employees would pay an extra c.£4500 per year in NICs, rising to c.£14500 for 20 employees rising to c.£90000 for 100 employees. As many businesses have pointed out, this is an annual uplift not a one-off measure.
- The BCC Q4 QES showed Taxation as being the top concern for businesses at 63% compared to 48% in Q3. Inflation is the second highest rated concern at 47%.
- In our own Q4 QES results for Greater Manchester, business confidence reduced dramatically and many respondents were expecting to have to raise prices to cover the above and other costs in their business. This is unequivocally an inflationary measure.
- In addition to the above, in the hospitality sector, the reduction of business rate relief from 75% to 40% (which is a 140% increase) adds further pressure on businesses in this sector.

There are many more examples that have been collected. The above are a small, representative sample but give some idea of the scale of impact this will have.

We understand the need to increase government revenues but the burden on business is disproportionate and penalises the growth makers.

In your speech you also mentioned the lack of alternative proposals. We have found in our conversations that most businesses would have supported a phased approach over two to three years giving them time to adjust. There are many businesses that have said they could have managed the rate increase on its own but the accompanying reduction in threshold made this into a barely affordable uplift in costs for them. A 12 month delay to the reduction in threshold would be a positive move and welcomed by business.

Under the Get Britain Working White Paper we understand that, in Greater Manchester, there will be action taken to get 150,000 people nearer or into work. At a time when the cost of employing staff will be increasing dramatically the NIC proposals in the Budget seem at odds with your growth strategy. Some members have raised the question about offsetting NIC increases by a form of incentivisation for taking on new staff. This may create unwanted complexities but could act as a buffer for some businesses at a critical time whilst getting more people into work.

We support growth, we support investment, and we support better opportunities for all but have serious concerns about the current course of action. We would, therefore, like to invite you to visit the Chamber at your earliest opportunity and to meet with us to discuss the above and explore how businesses here in the country's fastest growing economy can help deliver your plans for growth that we all so want and need.

Yours Sincerely,

Emma Holt
GM Chamber President

On behalf of:

Christian Mancier	GM Chamber, Vice President
Malcolm Pike	GM Chamber, Vice President
Warran Bolton	Bolton President, GM Chamber
Andy Roberts	Bury President, GM Chamber
Danny Williams	Manchester President, GM Chamber
John Jones	Manchester Vice President, GM Chamber
Kash Ashraf	Oldham President GM Chamber
Richard Hagan	Rochdale President, GM Chamber
Dina Railean	Salford President, GM Chamber
Lisa Roberts	Stockport President, GM Chamber
Sharon Seville	Stockport Vice President, GM Chamber
Graham Dixon	Trafford President, GM Chamber
Paul Winterbottom	Trafford Vice President, GM Chamber
Nichola Howard	Wigan President, GM Chamber
Antony Grace	Wigan Vice President, GM Chamber