

## **Employer National Insurance Contributions Grant for Combined Authorities (CAs) and Combined County Authorities (CCAs) – Explanatory Note**

### **Employer National Insurance Contributions Grant**

On 18 December 2024, the government confirmed £515 million in support for local authorities (including Combined Authorities (CAs) and Combined County Authorities (CCAs)) in England to mitigate the additional impact of the increase in employer National Insurance Contributions (NICs) on their budgets. This amount of support provided for English local government was determined based on a national assessment of the costs for directly employed staff across the public sector.

On 3 February 2025, the government published individual allocations of this funding for local authorities funded through the local government finance settlement (LGFS), worth a combined £502 million, as part of the final settlement for 2025-26. The government also confirmed that £13m of the total £515m would be provided to CAs and CCAs.

This note sets out the final position, and methodology, that has been used to determine allocations of the grant for CAs and CCAs.

Some CA/CCAs are responsible for Fire services and/or are Police and Crime Commissioner for their areas. Spend on these services is excluded as the institution will be separately recompensed for these costs via the LGFS and Police Settlement.

### **Allocation methodology**

#### **1. CA/CCAs in existence in 2023-24**

For CA/CCAs that were in existence in 2023-24 (and therefore able to submit Revenue Outturn (RO) data for 2023-24) the [local authority allocation methodology](#) has been replicated to ensure consistency and fairness. This approach covers the following authorities:

- Cambridgeshire and Peterborough Combined Authority
- Greater Manchester Combined Authority
- South Yorkshire Mayoral Combined Authority\*
- Tees Valley Combined Authority
- The Liverpool City Region Combined Authority
- North East Mayoral Combined Authority (transport services)\*\*
- West Midlands Combined Authority
- West of England Combined Authority
- West Yorkshire Combined Authority

Their individual allocations have been determined based on the methodology below, with exceptions made for South Yorkshire's Passenger Transport Executive\* and the North East Mayoral Combined Authority's non-transport services\*\*. <sup>1</sup>

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<sup>1</sup> See sections 2 and 3.

Relevant 'net current service expenditure' is measured as net current service expenditure for all in-scope services (General Fund Revenue Account Total Service Expenditure less all expenditure on Police, Fire and Rescue, and Education services) for each CA/CAA, plus relevant service expenditure for in-scope housing services (Housing Revenue Account Supervision and Management (minus CDC expenditure) for each CA/CCA, is divided by the sum of relevant net current service expenditure and relevant HRA expenditure for all CA/CCAs in scope of funding. This is then multiplied by the total available funding to derive allocations:

$$Allocation_{LA} = \frac{Net\ current\ service\ expenditure_{LA}}{\sum Net\ current\ service\ expenditure_{LA}} * Total\ employer\ NICs\ funding\ for\ CA/CCAs\ in\ existence\ in\ 23/24$$

Where:

*Net current service expenditure<sub>LA</sub>* is the total net current service expenditure for all in-scope services (General Fund Revenue Account Total Service Expenditure (RS:699) less all expenditure on Police (RS:601), Fire and Rescue (RS:602), and Education services (RS:190)) for each CA/CCA, as published in the 'revenue summary: local authority revenue expenditure and financing England: 2023 to 2024 – second release' plus relevant net current HRA Supervision and Management (RO4:122) expenditure for each CA/CCA in scope of employer NICs funding, as published in the 'revenue outturn 4: local authority revenue expenditure and financing England: 2023 to 2024 – second release'.<sup>2</sup>

*Total employer NICs funding for (C)CAs in existence in 23/24* is the total employer NICs funding available for CA/CCAs in existence in England in 23/24. This is £12.1 million.

## 2. CA/CCAs and Passenger Transport Executives (PTE) less than two years old

In some instances, the relevant RO data is unavailable as the CA/CCAs or PTE did not exist in 2023-24. This applies to:

- East Midlands Combined County Authority
- South Yorkshire Future Trams Ltd
- York and North Yorkshire Combined Authority

These authorities were invited to submit their best estimate of the projected increase in employer National Insurance Contributions on their budgets for 2025-26. The figures provided were then used to determine their individual allocations. For South Yorkshire Future Trams Ltd, this amount is included in South Yorkshire Mayoral Combined Authority's total allocation.

## 3. North East Mayoral Combined Authority

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<sup>2</sup> Local authority revenue expenditure and financing England: 2023 to 2024 – second release: [Local authority revenue expenditure and financing England: 2023 to 2024 – second release - GOV.UK](#)

The North East Mayoral Combined Authority (NEMCA) was established in May 2024 and is responsible for the delivery of services for a larger population than its predecessors were. This meant that its predecessors' 2023-24 RO data for in-scope services did not adequately account for the true population size that NEMCA now covers. The exception is transport, which is the only service that has not changed in breadth since NEMCA's formation, as its PTE already covered the region in full.

As a result, NEMCA's individual allocation has been determined as follows:

- To ensure consistency and fairness with other CA/CCAs and wider local government, relevant 2023/24 RO transport Net Current Expenditure has been used to calculate its allocation for this service area.
- For the remainder, expenditure across all other categories is estimated based on the weighted average of the CAs with the closest populations and that have existed for similar amounts of time.

#### 4. CA/CCAs being created in 2025

In some instances the relevant RO data is unavailable as the CA/CCAs are due to be created in 2025. This applies to:

- Devon & Torbay Combined Authority
- Greater Lincolnshire Combined Authority
- Hull and East Yorkshire Combined Authority
- Lancashire Combined County Authority

These authorities were not invited to submit their best estimate of the projected increase in employer National Insurance Contributions on their budgets for 2025-26 as they do not yet exist and therefore do not have agreed budgets. Instead, these authorities will receive the same allocation, which is equivalent to the lowest individual allocation issued to an existing CA/CCA.

#### **Funding conditions**

As set out in the Local Government Finance Settlement, this funding has been excluded from the calculation of the funding floor payment in 2025-26. Payments to CA/CCAs will be unringfenced to give authorities discretion over the use of funds in their area. This funding can be used to support CA/CCAs to mitigate the additional costs of employer National Insurance Contributions within direct, commissioned, and externally provided local services.

**Table one – individual employer NICs allocations, 2025-26**

<b>C(C)A</b>	<b>Allocation, £</b>
Cambridgeshire and Peterborough	240,632.51
Greater Manchester	4,388,506.78
Liverpool City Region	1,990,783.01
South Yorkshire*	842,118.83
Tees Valley	179,720.10
West Midlands	1,540,737.28
West of England	508,960.79
West Yorkshire	1,264,560.22
York and North Yorkshire	140,000.00
East Midlands	200,000.00
North East	1,143,980.50
Hull and East Yorkshire	140,000.00
Greater Lincolnshire	140,000.00
Lancashire County Combined Authority	140,000.00
Devon & Torbay	140,000.00

*\*includes estimate for SYFTL provided by SYMCA*