

Council leader says UK Government 'will pay' for NI rise

An £18m bill facing Edinburgh Council to pay for a hike in employer national insurance contributions will be covered by the UK Government, according to the council leader.

Cammy Day was pressed on whether the increase will be fully funded after council umbrella body Cosla warned it could cost Scotland's local authorities £265m.

The Labour council leader welcomed his party's first budget at Westminster in 14 years, in which Chancellor Rachel Reeves announced a rise in employer national insurance (NI) contributions from 13.8% to 15% and a lowering of the threshold at which companies start making contributions from £9,100 to £5,000. Together she said this would raise £25 billion a year.

However there is uncertainty over whether cash-strapped authorities will be left to cover the hike themselves at a time when many are being forced to cut front line services. Cosla said Scottish councils combined already were already facing a £392m shortfall before the NI rise.

An additional boost to Holyrood of £1.5 billion this year and £3.4 billion next year was confirmed by Ms Reeves, however

it's yet to be confirmed if this includes cash to mitigate the cost of the NI rise to councils.

Cosla's resources spokesperson Councillor Katie Hagmann called for all additional revenue and capital funding being sent to Scotland as a result of the UK budget to be passed onto councils.

And Glasgow Council's SNP leader Susan Aitken has complained of a "continuing lack of clarity" from Westminster over changes to NI contributions.

Councillor Day appeared to offer his Glasgow counterpart some clarity as he was challenged on the subject at a full council meeting on Thursday, November 7.

During leader's questions SNP group leader Simita Kumar asked: "Can the council leader confirm what the hike of the 15 per cent of National Insurance is going to cost this council, and has he had confirmation this will be fully funded?"

The Edinburgh Council leader replied: "I understand the cost to the council is potentially up to £18m and I hear from the UK Government they will compensate the public sector."

Lib Dem group leader Kevin Lang asked if he'd received those assurances in writing.

"I don't have that in writing yet" Cllr Day responded. "I understand it will come through the Scottish Government and likely through Cosla.

Meanwhile Iain Whyte, Conservatives group leader, said: "The Chancellor's budget included a measure to make two per cent efficiency savings across all government departments on the grounds this would be made up by increased productivity.

"Given the council is facing the need to find savings of £130m over the next three years and about £27m next year, plus potentially the £18m to cover the Chancellor's increase in

National Insurance, will the council leader agree to make a similar commitment to look for efficiencies and productivity gains in the council of at least two per cent across all departments next year?"

Cllr Day said: "I'm sure within [the budget] there will be continued savings and cuts to public services forced on us by 14 years of austerity from the governments that funding, be that here in Scotland by the SNP who have continued to allow Edinburgh to be the lowest funded council in the whole of Scotland and years of years of austerity from the Conservative government.

"Yes there will undoubtedly be efficiencies in the budget to save resources, but we also need to look at new ways of delivering services."

By Donald Turvill Local Democracy Reporter