

National Insurance increases will add to growing wage costs in health and care sector costs

Staffing costs at West Lothian Council are expected to rise as a result of the the UK government rise in the National Insurance rates, councillors have been told.

The rise will come on top a £7m overspend and surging costs in the Health and Social Care portfolio.

And it is not yet clear how much the new rate will add to the council's wage bill.

The Westminster Government brought in a rise in employers' National Insurance Contribution (NIC) earlier this year.

From April 2025 employer NICs will increase from 13.8% to 15%. Employers will start to pay Employer NICs on salaries from £5,000 (reduced from £9,100). The legal minimum wage for over-21s will rise from £11.44 to £12.21 per hour.

Councillors on the Social Work and Health Policy Development and Scrutiny Panel (PDSP) heard a six-month monitoring report on the financial performance in health and social care.

There are already budget pressures in internal Care Homes and Housing With Care services, which are related to additional costs to cover for vacancies, staff absence due to sickness,

and sleepover costs.

Councillor Pauline Clark, SNP, asked: "Do you think that the national insurance increase will affect the health and social work budget in the years to come?"

Group Accountant Fiona Russell said: "It's yet to to be determined in terms of funding for the application of the increase in National Insurance Contributions so until that's clarified we cannot determine what the implications would be."

Councillor Clark pressed: "But there will be an implication one way or another whether funding is increased or not. I would assume that the National Insurance increase is going to affect all health care I suppose?".

The accountant replied: "It is anticipated that there will be higher costs but in terms of the implications for the council we await further information around what the level of funding will be. Once that's available we will be in a clearer position to determine what the position would be."

Some councils including Edinburgh have already revealed that they will face huge bills for the rise in wage costs because of the NI increase, while others including West Lothian have maintained silence.

In West Lothian the Social Work & Health portfolio is forecast to overspend by £7.347 million in 2024/25. The forecast position for Adults & Older People Services is an overspend of £6.096 million.

The most significant contributor to the overspend is in commissioned care, in both care at home and residential, and across all client groups. This is due to an unprecedented level of growth in demand for services, both in terms of client numbers and in overall complexity of care needs per individual.

A West Lothian Council spokesperson said: "We are still awaiting clarification from the Scottish Government of the funding that will be provided to cover the cost of the increase in employers NI contributions announced in the UK budget."

By Stuart Sommerville, Local Democracy Reporter