

# **Edinburgh City Council could face more than £35m in extra national insurance costs**

**Edinburgh City Council could face more than £35million in extra costs across all services as a result of changes introduced by the UK Government to National Insurance contributions.**

A new report set to go before councillors next week has set down the cost of asking employers to pay more towards their workers contributions across the local authority and its arms length services.

It reveals the council is facing an £18.9m add on to its staffing bill, with a further £16.7m impact on indirect services, including nearly £3m in extra staffing costs for Edinburgh Leisure.

The report acknowledges that it is still waiting to hear if the Scottish Government is going to cover the additional costs for councils.

However it warns the indirect services affected may not be covered by any additional funding providing to local authorities to cover the costs.

In its first Labour Government budget at Westminster the UK Government increased the percentage of National Insurance employees must pay for its staff as well as reducing the

threshold for when it kicks in.

A report to Edinburgh City Councillors says at its own finance committee meeting last November it had noted that the Scottish Government would receive additional funds from the increases and “can and should” use part of it to increase funds to local authorities to help cover the costs.

However it said the situation was unclear, particularly when it comes to arms length services like Edinburgh Leisure and indirect services such as contracted and commissioned services and external providers.

The report sets down the costs of the changes which have been calculated by staff and warns any news of funding coming to fill the gap may not be confirmed in time for the council to set its budget for the year ahead.

It says: “As of the time of writing, the Scottish Government has not received confirmation from the UK Government as to the specific level of additional funding to be made available to offset increased costs arising from these changes and it has been suggested that this confirmation might not be received until the time of the UK Government Spring Forecast in late March after the point at which councils are required to set their budgets for the coming year.

“Given this, COSLA and the Scottish Government have agreed to lobby jointly both for earlier confirmation of compensating funding and to address, in full, the direct and potential indirect impacts of the changes. A verbal update will be provided at the meeting.

“In the meantime, the convener of the finance and resources committee will write to COSLA, the Scottish and UK Governments pressing for the full direct and indirect impacts of the changes to be recognised and corresponding funding to be passed to the Scottish Government and thereafter to Local Government.”

By Marie Sharp Local Democracy Reporter