

National Insurance rise concerns for West Lothian Council

West Lothian cannot sit back “in blind faith” that National Insurance increases facing the council and voluntary sector will be met by the Westminster government.

“We should be making a noise”, depute SNP group leader Councillor Pauline Stafford told a meeting of the council this week as it faces a potential £6m bill.

Her comments came as the minority Labour-led group scraped through on a casting vote an amendment as the Conservatives and Lib Dem councillors abstained for the second time in the meeting.

The SNP raised a motion that the council should write to the Labour government demanding assurances that the increase in the cost of meeting the National Insurance cost rises is covered by Westminster.

Group leader Councillor Janet Campbell said: “Taxes will increase by £40bn - and the lion’s share will come from a £25bn rise in employers’ national insurance contributions, with the Chancellor, Rachel Reeves stating the amount businesses will pay on their employees’ national insurance contributions will increase from 13.8% to 15% from April

2025.

"She [Rachel Reeves] also lowered the current £9,100 threshold employers start paying national insurance on employees' earnings to £5,000."

The motion said the move could increase spending in the public sector by £750m, with the suggestion so far that only £350m would be handed over from Westminster.

The called on the council to follow the Scottish Government and CoSLA in seeking guarantees that the costs would be fully founded, fearing "the shortfall could be taken out of cuts to public services,"

The costs to West Lothian Council have yet to be clarified but the SNP motion suggested they could be around £6m.

A Labour amendment said: "Negotiations continue, and all parties are assuming that the cost will be fully funded, so it is not clear that the full cost will be removed from public sector finances."

Council leader Lawrence Fitzpatrick told the meeting: "Once again, we have the pot calling the kettle black. The SNP always had a manifesto which relies very much on the bottomless pit of spend which relies very much on Barnett formula and taxes from the more prosperous south-east and a Scottish Government which continually imposes new laws and requirements on councils but doesn't give the extra essential money to cover it.

"What has crippled councils is the eight years council tax freezes and CoSLA recognises that. Your own councils, SNP controlled, recognise that."

He added: "It is not to be expected that Scottish public services will have to accommodate the additional cost within the funding envelope outlined in the budget."

However Conservative group leader Damian Doran-Timson told the meeting: "I do hope that more funds will be provided. I don't quite share his optimism but I do hope that is case. Let's wait and see.

"Labour including including our two local MPs campaigned on a no tax increase in their manifesto then, lo and behold, go into government and raised taxes by one way or another. The decision to raise the National Insurance but also lower the threshold was an appalling one and demonstrates both the Chancellor's and Labour's lack of understanding of tax and business.

"Organisations from charities to the British Retail Consortium have condemned these decisions and no doubt jobs will be lost. Small businesses will be hit across West Lothian."

Councillor Sally Pattle, Lib Dem said: "I wanted to highlight the impact this is going to have on social care providers, GPs pharmacies that we rely so much on particularly social care providers and I don't think any consideration was given by the Labour government to them before they introduced these reforms.

"I am going to raise the devastating impact on small and medium enterprises and particularly in retail and hospitality because they are the backbone of our economy and again Labour just didn't seem to recognise that.

"These changes are coming in April we are now at the end of January and we have no confirmation one way or the other so they'd better get their skates on"

The vote was tied 13 each for Labour and the SNP. The Conservatives and Lib Dem abstained, leaving Provost Cathy Muldoon to add her casting vote to Labour.

By Stuart Sommerville, Local Democracy Reporter