

Midlothian council's leader urges UK chancellor to scrap NI contributions increase

Midlothian council's leader has urged the UK chancellor to scrap the increase to National Insurance contributions as soon as financially possible amid claims it played a part in the decision to increase council tax by 10%.

Councillor Kelly Parry has written to Chancellor Rachel Reeves appealing to her to consider reversing the increase employer contributions as soon as 'financial headroom' allows to help alleviate pressure on local authorities.

And in a separate letter she has urged the Scottish Government's finance secretary to work with the council to 'mitigate' health and social care pressures which, she says, also led to the council tax rise.

The letters, which will be put before a meeting of elected members next week, set out the challenges Midlothian Council faced setting its budget this year.

Writing to Shona Robinson MSP, Cabinet Secretary for Finance and Local Government, the SNP council leader welcomed increased funding from the Scottish Government for councils this year adding it had provided "much needed stability at a challenging time for local government".

However, she added: "I must also highlight the ongoing financial pressures within Health and Social Care.

"Our commitment to providing a generous allocation to the Integration Joint Board (IJB) reflects the critical nature of these services, but it has contributed to a significant funding gap within our overall budget.

"Combined with the impact of rising National Insurance contributions, this has unfortunately led to an increase in council tax for our residents—something we had hoped to avoid."

Midlothian Councillors agreed a 10% council tax rise for residents in February after the Scottish Government lifted a freeze on increases this year.

Last November the UK Government announced it was increasing National Insurance contributions from employers as well as reducing the minimum payment allowed before it kicks in.

In her letter to Rachel Reeves, Councillor Parry said impact of the increased contributions on councils had led to increased council tax.

She said: "This has, in turn, led to rising costs for councils, contributing to an increase in council tax for our residents at a time when many are already facing financial pressures.

"Local government is doing everything possible to mitigate these challenges, but we are concerned about the strain this places on households and our local economy, third sector organisations, commissioned services and businesses."

She called on the Chancellor to consider a u-turn on the costs in the future saying: "I urge the UK Government to consider reversing the National Insurance increase as soon as financial headroom becomes available.

“A reversal would provide significant relief to both councils and the communities we serve, allowing us to maintain essential services without placing an undue burden on residents.”

Midlothian Council was one of ten local authorities who saw council leaders salaries go up by more than 40% this year after a Scottish Government review.

Senior councillors saw an additional rise in Midlothian after they voted to increase the percentage of leader’s salary they receive from 67% to 75% bringing them in line with other neighbouring local authorities.

News of the increased salaries, coming at the same time as the increase in council tax, led to a backlash on social media and reports of death threats being made to senior councillors. Councillor Parry was given extra security in the wake of it becoming public.

The council has stressed that funding for councillors’ wages comes from the Scottish Government as part of its annual grant to local authorities.”

By Marie Sharp Local Democracy Reporter