

West Lothian Council may have to find millions to meet increase in NI contributions

West Lothian may yet have to find millions to meet the increase in National Insurance Contributions introduced last month, it has emerged.

An update on the Chancellor's Spring Statement and its effects on West Lothian's finances delivered to councillors at the Executive suggested some of the cost would be met but there was no clarity as to how much.

And while certainties were in short supply there was no shortage of political flak around the chamber.

Asked directly political questions by Conservative and SNP group leaders, Finance director Kenneth Ribbons referred them to his report.

Damian Doran-Timson, the Conservative group leader pointed to jobs lost, higher prices and an economy in free-fall.

The SNP leader, Janet Campbell criticised Westminster's refusal to pay the shortfall to the Scottish Government to meet the NIC costs. There was dispute over how much the Westminster government was prepared to put in to save Grangemouth compared with the money spent at Scunthorpe to save the steel mill and likewise at Port Talbot in Wales.

Labour's Tom Conn pointed to the economy the Labour government

had inherited from the Tories and suggested that the SNP refused to take difficult decisions.

It outlined the situation on the potential NIC shortfall. Mr Ribbons said that the Treasury confirmed to the Scottish Government the compensation that would be provided to cover the extra cost of the Employer NICS tax increase for public sector workers.

However, he indicated that doubts on how much remain.

The report added: "The Finance Secretary, Shona Robison has stated that the Scottish Government would be receiving 'a little more than £300 million', and that the shortfall between the funding and the cost would need to be found 'within public service budgets'".

"The Fraser of Allander [Institute], in an article published on 28 March 2025, stated that the exact amount of compensation hasn't been published anywhere but they believe it to be in the region of £330 million.

"In an article published following the autumn budget, the Fraser of Allander estimated the cost to the devolved public sector for the employer NICS tax increase to be around £507 million, slightly lower than the Scottish Government estimate of £550 million (or £700-800 million if the increased cost of delivering contracted out services is included)."

Mr Ribbons added: "Whatever figure is correct, the compensation received will not cover the full cost and the Scottish Government have not set aside any money in contingency for this scenario. This will put even more pressure on future settlements from the Scottish Government, especially for unprotected services."

He concluded: "The Spring Statement does not have an immediate impact on the level of funding confirmed for West Lothian Council.

“In line with other local authorities, the council continues to face substantial budget challenges. A budget gap of £9.7 million remained for 2026/27 and 2027/28.

“The UK economy’s performance has deteriorated compared to the OBR’s October forecast. This along with global uncertainty with regards to trade tariffs, inflation, interest rates and political conflicts means that it remains a challenging position for the UK economy and public sector spending.”

By Stuart Sommerville, Local Democracy Reporter