Scottish Courts and Tribunals Service

Jamie Hepburn MSP

By email;
jamiehepburnmsp@parliament.scot

Chief Executive's Office
Parliament House
Parliament Square
Edinburgh
EH1 1RQ

DX 549306
LP1 Edinburgh 10

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Dear Mr Hepburn

Follow up on Employers NI from Criminal Justice Committee meeting on 11th February

Thank you for affording me the opportunity to provide an update on the SCTS 2026-27 Budget allocation to the Criminal Justice Committee meeting on 11 February.

I am writing to provide you with the detail of costs of Employer National insurance (ER NI) to the SCTS for both 2025-26 and 2026-27.

2025-26
The SCTS was allocated £1.2m in year funding equating to 60% of the £2m estimated payroll Employer (ER) NI increase which, at that time, was calculated based on a 3% pay uplift in line with the published Pay Policy. The SCTS finally settled at a 4% pay increase with the PCS union following the SG Main settlement. The additional incremental employer NI associated with the award was covered by further SG in year funding provided at the spring budget revision.

ER NI relating to Judiciary and in respect of Tribunal members fees was 100% funded by the SG through the in-year funding process.

2026-27
As I advised in the session, the SG allocated £1.2m baseline budget funding towards increased ER NI costs within the resource uplift of £6.6m. This amount is the same absolute value as was allocated through in year funding for 2025-26, in common with the Crown Office.

Whilst this goes some way to alleviating our payroll cost increases, it does not equate to the needs of the SCTS in 2026-27 which incorporate the 4% pay increase in 2025-26 uplifted by a further 3.5% agreed pay award for 2026-27. The remaining unfunded element of the ER NI need is included within the £11.4m funding gap identified by the

SCTS, the mandatory settlement of which will create pressures elsewhere in our budget.

The SCTS again anticipates that the ER NI cost of Judicial and Tribunals in year funded activities will again enjoy 100% ER NI cover through the in-year funding process.

Yours sincerely

Malcolm Graham
Chief Executive
0131 444 3301
mgraham1@scotcourts.gov.uk