

## **EMPLOYMENT MATTERS COMMITTEE**

**30 NOVEMBER 2016**

### **PAY NEGOTIATIONS 2017/2018**

#### **SUPPLEMENTARY REPORT**

Report from: Carrie McKenzie, Chief People Officer

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#### **Summary**

Within the Government Autumn Budget Statement on 23 November 2016, increases were announced with effect from 1 April 2017 to the National Living Wage and National Minimum Wage. This supplementary report provides an update to committee on the impact of these increases on the Pay Negotiations.

#### **1. Budget and Policy Framework**

1.1 This report updates Members' on the recently announced increases to the National Living Wage and National Minimum Wage effective 1 April 2017, and the impact on the Pay Negotiations 2017/2018.

#### **2. Background**

2.1 As detailed at paragraph 6.1 in the main Pay Negotiations report to Members, an increase to the National Minimum Wage had been applied effective from 1 October 2016 and that the cost to the current pay bill to implement these increases was £9K.

2.2 It was anticipated that there would be an increase to the National Living Wage of £0.40 per hour (making the National Living Wage rate £7.60 per hour). The actual increase to the National Living Wage was announced at £0.30 per hour, making the National Living Wage £7.50 per hour effective from 1 April 2017. Members are reminded that the National Living Wage applies to those aged 25 years and older.

- 2.3 It was further announced that there would be further increases to the National Minimum Wage rates (as detailed below):

Age Band	Current Rate	Increase	New Rate
21 – 24	£6.95	£0.10	£7.05
18 – 20	£5.55	£0.05	£5.60
16 – 17	£4.00	£0.05	£4.05
Apprentice*	£3.40	£0.10	£3.50

\*Applied to all in the first year as an apprentice regardless of age.

- 2.4 Government has also announced that it is aligning the dates of any future increases to both the National Living Wage and National Minimum Wage to October each year.

### **3. Analysis of Statutory Increases**

- 3.1 The increase to the National Minimum Wage in April 2017 will add an estimated £200 to the current pay bill.
- 3.2 The increase to the National Living Wage in April 2017 will add an estimated £35.5K to the current pay bill, this is a marginal decrease from the original estimate.

### **4. Impact on the Unison Pay Claim**

- 4.1 Members are reminded that the Unison Pay Claim was in two parts:

Claim 1 – A 3% consolidated increase on all salary points and allowances.

Claim 2 – A £10 per hour minimum wage.

- 4.2 Taking into consideration of the new statutory increase detailed at paragraph 2, the cost to implement Claim 1 are increased by £1K and Claim 2 by £6K.

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