

Employment Matters Committee

4 December 2024

Pay Negotiations 2025/2026

Report from: Samantha Beck-Farley, Chief Organisational Culture Officer

Summary

To present the Committee with a report on the progress of the pay negotiations for the financial year 2025/2026.

1. Recommendations

- 1.1 That the Employment Matters Committee notes the report, including progress made to date under the Pay Negotiations Protocol.

2. Budget and policy framework

- 2.1 This report covers the progress on the annual pay negotiations with the Trade Unions (TUs) for the financial year 2025/2026.

3. Background

- 3.1 The Council came out of the national agreement in April 2013, and this is the eleventh year of formal negotiations on pay awards with the TUs.
- 3.2 The procedure for pay negotiations was agreed by the TUs and this Committee in February 2013 and is set out in the attached Protocol for annual local pay and conditions negotiations document (attached at Appendix 1 to the report); the Council has followed this procedure in its discussion with the TUs.
- 3.3 A Diversity Impact Assessment has been carried out on the pay negotiations and is attached at Appendix 2 to the report.

4. Pay Negotiations protocol 2025/2026

4.1 Progress to date:

Action 1: Completed - The Chief Organisational Culture Officer met with the TUs on Wednesday, 25 September. At this meeting, the Chief Finance Officer gave the TUs an overview of the Council's process to develop the 2025/26 budget, and that there would be a further reporting to Cabinet in the

autumn on the draft budget for 2025/26. The Chief Finance Officer advised Finance have been working with the council's senior members, corporate management team and Cabinet Members to look at early indications of our financial outlook for 2025/26. It has been agreed that £7.8million will be set aside for pay, which will be for the Cost of Living Award and the cost of the Medpay review. In addition £1.6million has been earmarked for a required increase in Employer's pension contributions.

It was explained that whilst we are assuming £7.8million we will still be considering further points resulting from negotiations under the Pay Protocol, any statutory increases to the National Living Wage and National Minimum Wage, as well as increases negotiated nationally to cohorts of staff employed on non-MedPay terms and conditions.

Action 2: Completed –The Chief Organisational Culture Officer, invited the TUs (Unison and GMB) to submit their joint pay claim by no later than 31 October 2024.

Action 3: Completed - The Union pay claim was received on 31 October 2024.

Action 4: Completed - A meeting with the Chief Executive, Chief Organisational Culture Officer and representatives from Unison was held on 4 November 2024. The financial position of the organisation was discussed, and it was confirmed that a provisional £7.8million was put aside for pay awards and correction of Medpay review within the financial outlook. In addition, £1.6million has been earmarked for a required increase in Employers pension contributions

Action 5: Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 4 December 2024.

Action 6 a), b), c): Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 29 January 2025.

Action 7: A meeting of Full Council is scheduled for 27 February 2025.

5. The joint TU pay claim

5.1 The joint TU pay claim for 2025/2026 is as follows:

- **A return to NJC by the third year of this administration.**
- **A 5% flat rate, consolidated increase for all staff**
- **An uplift to the sleep-in payments of 5%.**

6. Analysis of the joint TU pay claim

6.1 The pay claim relates to MedPay pay arrangements only, Members are reminded that MedPay is not based on a pay point system but on staff being paid in accordance with their respective pay range.

- 6.2 Costs have been arrived at after applying the statutory increases and committed increments.
- 6.3 The total estimated cost of applying a 5% increase and implementing statutory increases (increments and NMW/NLW including apprentices) to the salary bill equates to c£5,415,000. This estimate is based on staff currently employed rather than the whole staffing budget of the council and does not take account of vacant posts in the current structures
- 6.4 Medway Council Sleep-in payments are £49.35ph. An increase of 5% equates to an additional estimated cost of £4,183 per year.
- 6.5 Early discussions with TU have taken place around 'what a return to NJC' may look like. Further discussions to be had as part of the pay negotiations.

7. Analysis of Statutory increase

- 7.1 Typically, in October each year, Government announces statutory increases to both the National Minimum Wage (NMW) and National Living Wage (NLW) to be applied from the following April. The rates announced will be applied from the 1 April 2025. The details of these statutory increases are listed below:

Group	2024 hourly rate	% increase	2025 hourly rate
21 and over	£11.44	6.73%	£12.21
18 to 20	£8.60	16.28%	£10.00
16 to 17	£6.40	17.97%	£7.55
Apprentice	£6.40	17.97%	£7.55

- 7.2 The assumed cost of applying the NWM/NLW statutory increases equates to c£530,000.
- 7.3 783 colleagues will benefit from these statutory increases.

8. Exemptions

- 8.1 There are 320 posts who are engaged under nationally negotiated terms and conditions of employment who are entitled to receive pay increases and automatic incremental pay progression i.e. those engaged under Soulbury, MAE Group, AFC and NHS (Public and Mental Health) terms. They are therefore not covered by this local arrangement, although the cost of any increases agreed nationally would need to be met from the £7.8million set aside for pay as part of the 2025/26 draft budget.

9. Risk management

9.1 The risks arising from this report relate to the morale, employee engagement, attraction, and retention. In these times of austerity, whilst it is extremely difficult for the council to allocate significant funds to increase pay, it is important we remain competitive and ensure our employees are committed to the council and continue to enjoy working here.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Without recognising our employees, the Council will risk losing their skilled workforce to other work organisations who do.	It is challenged that the removal of increments from pay and a below inflation pay Cost Of Living award have meant many people have not had increases to salaries, compared with market average. To do nothing in terms of a pay reward would be detrimental to retaining our skilled workforce	<p>To continue to monitor exit surveys and reasons for leaving.</p> <p>To continue to review our people promise</p> <p>Continue to benchmark roles</p> <p>Complete the medpay review for the whole organisation</p> <p>Offer a more meaningful Pay Award</p>	BII
Funding: Budget not sufficient to cover increase proposed	Often budget constraints mean pay awards are below inflation or RPI.	Where possible offer pay awards to match inflation, where this is not possible offer other methods of reward to demonstrate how staff are valued.	BII

Likelihood	Impact:
<p>A Very likely</p> <p>B Likely</p> <p>C Unlikely</p> <p>D Rare</p>	<p>I Catastrophic</p> <p>II Major</p> <p>III Moderate</p> <p>IV Minor</p>

10. Consultation

10.1 As detailed in the pay protocol at section 4 of this report.

11. Climate change implications

11.1 Whilst this has neither a positive or negative climate change/carbon emission implication, it should be noted that any other form of recognition, i.e. mileage costs would need to be considered and will be covered as part of the Medpay review on allowances.

12. Financial implications

12.1 The financial impact of the joint TU pay claim and the statutory wage increases are estimated at c£5,415,000 this is detailed in paragraphs 5 and 6. This estimate is based on staff currently employed rather than the whole staffing budget of the council and does not take account of vacant posts in the current structures

12.2 The 2025/26 draft budget includes an estimate of c£7.8 million in respect of the pay award for staff and the impact of the MedPay review. In addition, £1.6million has been earmarked for a required increase in employers pension contributions.

13. Legal implications

13.1 It is important that negotiations and decision-making relating to these negotiations follow the council's processes to minimise the risks of any legal challenges.

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Appendices

Appendix 1 - The Protocol for annual local pay and conditions negotiations
2025/2026

Appendix 2 - Diversity Impact Assessment

Background papers

None