

Employment Matters Committee

29 January 2025

Pay Negotiations 2025/2026

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

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1. Summary

1.1 To present Members with a report on the progress of the pay negotiations for the financial year 2025/2026, and to set out the Council's pay offer for 2025/26 for referral to Full Council for agreement.

2. Recommendations

2.1 That the Employment Matters Committee recommend to Full Council to agree:

- a 5% increase for all staff on MedPay terms and conditions, which includes those on MedPay Performance, Progression Pay Scheme as well as those who are on the legacy scheme.
- not to increase sleep-in payments .
- not to return to National Joint Council (NJC) payscales currently, but keep negotiations open on this matter.
- an additional 'wellbeing' day to be awarded on a colleague's birthday to be taken on the day or close to the birthday as agreed.
- to offer a salary sacrifice Cycle to Work scheme with a scheme partner for an initial term of two years.
- to implement a shared cost Additional Voluntary Contribution (AVC) scheme with My Money Matters, formerly AVC Wise for an initial term of three years.
- to offer a 50% discount on annual single premier membership to our leisure centres annual admission pass for Council employees to Medway Leisure Centres.
- to align the Children and Adults social care pay scales (for the reasons as set out in Appendix 4 to the report).
- to align the Joint National Committee (JNC) Youth and Community Workers terms and conditions except for automatic increments (as agreed at [EMC on 4 December 2024](#) see paragraph 10.10).

3. Budget and policy framework

3.1 The 2025/2026 pay negotiations are a matter for this Committee

3.2 The report covers the progress of the annual pay negotiations with trade Unions (TU's) for the financial year 2025/2026.

4. Background

4.1 This Committee considers all pay negotiations with the Trade Unions (TUs).

4.2 The Council came out of the national agreement in April 2013 and has since then entered formal negotiations on pay awards with the TUs.

4.3 The procedure for pay negotiations was agreed upon by the TU's and this Committee in February 2013 and is set out in the attached Protocol for annual local pay and conditions negotiations document (Appendix 1). The Council will continue to follow this procedure in its discussion with the TU's.

4.4 A Diversity Impact Assessment has been carried out on the pay negotiations and is attached to the report (Appendix 2).

5. Pay Negotiations Protocol 2025/2026

5.1 Progress to date:

Action 1: Completed - The Chief Organisational Culture Officer met with the TU's on Wednesday, 25 September. An extract of the minutes is attached at Appendix 3. 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 report 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 (COLA) and the cost of the Medpay review. In addition £1.6million has been earmarked for a required increase in Employers 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 (NLW) and National Minimum Wage (NMW), 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 TU's (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 the 31 of October 2024.

Action 4: Completed - A meeting with the Chief Executive, Chief Organisational Culture Officer and representatives from Unison was held on

the 4 of 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: Complete - Meetings of the Joint Consultative Committee and Employment Matters Committee took place on the 4 of December 2024. TU colleagues set out their claim and officers responded to questions.

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

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

6 The Unison Pay Claim

- 6.1 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%.

7 Analysis of the joint TU pay claim

- 7.1 The pay claim relates to MedPay pay arrangements only (legacy and Performance, Progression and Pay).
- 7.2 Cost have been arrived at after applying the statutory increases and committed increments (see paragraph 9.1).
- 7.3 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
- 7.4 Medway Council Sleep-in payments would rise to £49.35ph, from £47.00. An increase of 5% equates to an additional estimated cost of £4,183 per year.
- 7.5 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 in the coming years.

8 Analysis of Statutory increases

- 8.1 Typically, in October each year, Government announces statutory increases to both NMW and NLW to be applied from the following April. The rates announced in October 2024 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

8.2 The assumed cost of applying the NWM/NLW statutory increases equates to c£530,000.

8.3 783 colleagues will benefit from these statutory increases.

9. Exemptions

9.1 There are 320 posts which are engaged under nationally negotiated terms and conditions of employment of those postholders are entitled to receive different pay increases. Including automatic incremental pay progression i.e. those engaged under Soulbury, MAE Group, AFC and NHS (Public Health and Mental Health) terms. They are therefore not covered by this local pay 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.

10 The Councils Pay Offer

10.1 Members are reminded that the pay award agreed upon for April 2024 consisted of:

- a COLA of 5% 2024/25 pay award for all on Medpay Terms and conditions.
- The Range 3 pay band was by £1,052.
- A gap of £500 was introduced between the Range 1 and 2 paybands.
- Sleep in payments were increased by 3.88%.
- The annual leave entitlement was increased to 30 days per annum pro rota for R1-R3, after 5 years continuous service.
- The current PDR levels and the associated performance related award attributed to them (ie levels 1A and 1 B) were removed and instead an additional day's Annual leave awarded to everyone in 2024/25 and 2025/26 on MedPay terms and conditions who is not subject to formal performance management measures.

10.2 The Financial Outlook 2025/26 included an estimate of c£7.8 million pay allocation for staff for the pay award and the impact of the MedPay review. This assumed a pay uplift of 5%, including increases to the NLW, and agreement that the remaining budget is used to support on on-going MedPay review. In addition, there will be an increase in Employer National Insurance

Contributions increase, we expect this cost to be met from an additional Government grant, with allocations yet to be announced.

- 10.3 When pay assumptions have been initially discussed with the TU's in 2024/2025 through the protocol, an approach that the allocation of the 5% pay uplift is aligned to a cost of living award due to the dual systems of the review (some colleagues still being under MedPay as is, and others being in the new approach of Performance, Progression, Pay) was discussed and mutually agreed upon. This means that as we did last year we will not be aligning any uplift to performance in 25/26 and proposing this remains the same for any period in which the Medpay review concludes, and all colleagues are on the new approach, Performance, Progression Pay. This means there will be no awards of Level 1A (a one-off payment) and no performance related pay award.
- 10.4 As we are still in the roll out of our MedPay review and the NJC position of this years pay award and impact to their lowest grade is unknown, we will not be returning to NJC. However, we will keep negotiations open and continue the dialogue around when a return to NJC may be possible and likely implementation should this be agreed.
- 10.5 We are not in a position to increase sleep in payments. This was increased last year to £47.00, and whilst the overall financial impact is low, we are already above the NJC amount. So given there is consideration to a return to NJC increasing them further is not favourable. We are however committing to reviewing all allowances annually considering NJC position and that of our neighbours on local terms and proposing adjustments where required.
- 10.6 As part of our efforts to help improve wellbeing following our spring survey we would like to propose an additional wellbeing day award to all staff. This day will be given on each birthday annual anniversary to be taken on or close to the day.
- 10.7 Whilst an existing interest free cycle loan scheme is already in operation which allows employees to borrow a sum of money to purchase a cycle with a deduction taken from their net pay, we are recommending introducing a salary sacrifice scheme. Salary sacrifice schemes allow eligible employees to 'exchange' a portion of their pay for a prescribed benefit. The exchange value is taken from employee's gross pay before the application of statutory deductions for Tax and National Insurance. Salary sacrifice schemes approved by HMRC do not give rise to a benefit in kind and do not need to be reported on a P11d. (Further details can be found in Appendix 3).
- 10.8 We are also recommending we implement a shared cost AVC scheme with My Money Matters, formerly AVC Wise for an initial term of three years. In a shared cost AVC arrangement an employee opts to open a new and additional pension fund via Prudential or Standard Life. If the shared cost AVC is added to the pension discretion document for Medway, the sacrifice does not impact the employees existing LGPS pension holding or future contributions. On retirement the employee will have several options to access

the additional 'pot' gained via AVCs. In the majority of cases the member will be able to take the full AVC pot as a tax-free amount. As part of the partnership agreement, My Money Matters will provide a number of financial wellbeing tools that support the promotion of the scheme, as well as wider financial wellbeing. To ensure that employees have the best possible advice and return on their AVC investment, utilise the My Money Matters fee structure that incorporates tailored fund advice. (further details can be found in Appendix 3).

10.9 As part of our efforts to help improve wellbeing following our spring survey and feedback at our Medway Staff live events we would like to propose a 50% reduction on our single premier annual membership to all of our Leisure Centres across Medway for our employees. Please note this will be a taxable benefit.

10.9 In April 2018, Medway Children's Services introduced a new career and pay grade to respond to the challenges in recruiting and retaining staff. This led to the creation of a separate social worker pay scale for children's services being introduced with extended pay grades. Over the last 18-24 months Adult Social Care have been experiencing challenges in the recruitment and retention of social workers and are becoming more reliant on agency social workers to fill vacancies. The vacancy rate across grades SW2 – SW5 is currently 35%. Predominantly this relates to social work posts. The difference in pay scales has led to some challenges from staff. All social worker jobs and occupational therapist roles have been evaluated. In addition, Head of Service roles within Childrens Services pay an on-call allowance of £3,000 per annum, where as in Adult Social Care Heads of Service are paid at the rate of £40 per on call. Further discussions around NJC will determine future alignment to NJC or MedPay local scales.

10.10 At the meeting of the EMC on 4 December 2024, the Committee agreed to recommend to Full Council to align to JNC Youth and Community Workers terms and conditions except for automatic increments ([Minute 485, Employment Matters Committee – 4 December 2024](#)).

11 Risk management

11.1

Risk	Description	Action to avoid or mitigate risk	Risk rating
Without recognising our employees, the Council will risk losing their skilled	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	. To continue to monitor exit surveys and reasons for leaving.	BII

Risk	Description	Action to avoid or mitigate risk	Risk rating
workforce to other work organisations who do.	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	To continue to review our people promise Continue to benchmark roles Complete the medpay review for the whole organisation Offer a more meaningful Pay Award	
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

For risk rating, please refer to the following table (please **retain** table in final report):

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

12 Consultation

- 12.1 The overall Pay Proposals 2025/2026 have been subject to various consultation, please see point 3 and some recommendations requiring further consultation with staff and TU's as listed in paragraph 2.1.

13 Climate change implications

- 13.1 Whilst generally there are no impacts to climate change, the salary sacrifice scheme will be a positive more to ensure people have the opportunity to bicycle to work rather than drive. This will complement our active travel plans more widely.
- 13.2 Further work on our allowances will also positively impact our climate change challenge.

14 Financial implications

- 14.1 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.
- 14.2 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.
- 14.2 Provision has been allocated within the people directorate to account for the additional costs of alignment of social worker and occupational therapist grades. The proposed increase to the staffing budget to align pay scales is approximately £136,326 per annum, excluding oncosts. The proposed increase to the staffing budget to align on call payments is a maximum of £12,000 per annum, excluding oncosts. To JNC for youth work the proposed increase to budget would be £56,823, however, it is noted that JNC pay negotiations are currently ongoing and the pay award for September 2024 has not yet been confirmed.
- 14.3 Take up of the discounted annual leisure centre offer will be measured locally and within existing budgets, with adjustments to budgets as required.
- 14.4 The savings from the AVC (unknown at this time) will be reused to support further benefits around wellbeing as and when available/appropriate.

15 Legal implications

- 15.1 It is important that negotiations and decision-making relating to these pay and benefits are implemented fairly and consistently and follow the council's processes to minimise the risks of any legal challenges.

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Appendices

Appendix 1 Protocol for Annual Local Pay and Conditions Negotiations 2025/2026

Appendix 2: Diversity Impact Assessment

Appendix 3: Report to the Finance, Business and Intelligence Senior Management Team

Appendix 4: Report to the Children and Adults Directorate Management Team

Background documents

[Employment Matters Committee – 4 December 2024](#)