

## **Employment Matters Committee**

**3 December 2025**

### **Pay Negotiations 2026/2027**

Report from/Author: 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 2026/2027.

#### **1. Recommendation**

- 1.1 The Committee is asked to note 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 (TU's) for the financial year 2026/2027.

#### **3. Background**

- 3.1 The Council came out of the national agreement in April 2013, and this is the twelfth year of formal negotiations on pay awards with the TU's.
- 3.2 The procedure for pay negotiations was agreed 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 (attached at Appendix 1 to the report); the Council has followed this procedure in its discussion with the TU's.
- 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 2026/2027**

- 4.1 Progress to date:  
**Action 1:** Completed - The Chief Organisational Culture Officer met with the TU's on Wednesday, 25 September. At this meeting, the Chief Finance Officer gave the TUs an overview of the Council's process to develop the 2026/27 budget, Council wide pressures. It was explained that the Medium

Term Financial Outlook went to Cabinet on 27 August and that there would be a further report to Cabinet in the autumn on the Financial Outlook 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 2026/27. It was shared that the Draft Budget reflects 3% Cost of Living Award (COLA) and this represents a £4.052m pressure for next year will be set aside for pay, which will be for the Cost of Living Award.

It was explained that whilst we are assuming 3%, 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 TU's (Unison and GMB) to submit their joint pay claim by no later than 31 October 2025.

**Action 3:** Completed - The joint pay claim was received on the 31 October 2025.

**Action 4:** Completed - A meeting with the Chief Executive, Chief Organisational Culture Officer and representatives from Unison was held on Tuesday, 18 November 2025. The financial position of the organisation was discussed, and it was confirmed that a provisional 3% was put aside for pay awards within the financial outlook. In addition, other aspects of the pay award were discussed.

**Action 5:** Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for the 3 December 2025.

**Action 6 a), b), c):** Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for the 28 January 2026.

**Action 7:** A meeting of Full Council is scheduled for the 26 February 2026.

## 5. The joint TU pay claim

### 5.1 The joint TU pay claim for 2026/2027 is as follows:

- A 5% flat rate, consolidated increase for all staff, including those on MedPay Salary Honouring.
- Discussion/negotiation on how best to ensure that staff on lower grades receive appropriate reward.
- A 3.2% increase in the sleep in allowance.
- A return to National Joint Conditions pay.
- The payment of SW registration free.
- A 35-hour working week.

## 6. Analysis of the joint TU pay claim

- 6.1 The pay claim relates to MedPay pay arrangements only, the Committee is 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 National Minimum Wage/National Living Wage (NMW/NLW) including apprentices) to the salary bill equates to c£6,166,3000, this creates an additional c£2million pressure. 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 were raised to £47.00ph in 2023. The National Joint Council for Local Government Services (NJC) as part of the 25/26 pay offer, increased the national rate by 3.2% to £43.12. and neighbouring authorities currently offer an allowance of £40.76 for sleep in duties. TU pay claim asks for a further increase of 3.2%, whilst this only equates to an additional estimated cost of £2,539 per year, this will put us much higher than NJC by over £5 per hour, and higher by over £8 of our neighbouring authority. This was discussed with TU colleagues, and it appears this will be a reoccurring request aligned to Nation increases regardless of current rates.
- 6.5 Early discussions with TUs have taken place around 'what a return to NJC' may look like. Since then we have entered into the planning stages of Local Government Reorganisation, so a return prior to the new unitary forming is not recommended. Further discussions have been held around costs and impact.
- 6.6 Social Workers and Occupational Therapists are required, by law, to maintain registration with Social Work England (SWE) in order to practice in their professional capacity. The current annual registration fee is £120 per individual, which is presently met by employees. If the Council were to assume responsibility for these registration costs, the estimated annual expenditure would be approximately £40,680. It was acknowledged that other roles also have this registration requirement and some SW roles already attract a retention payment.
- 6.7 A 35 hour week has been requested, in light of national position and upcoming LGR, this is not an option at this time.

## 7. Analysis of Statutory increase

- 7.1 Typically, in October each year, the Government announces statutory increases to both the National Minimum Wage (NMW) and National Living Wage (NLW) to be applied from the following April.

- 7.2 As of November 2025, the Government has not yet confirmed the NMW and NLW rates for 2026. The Low Pay Commission's central forecast for the NLW is £12.71 per hour, with an indicative range between £12.55 and £12.86. No official projections have been published for the NMW rates applicable to Apprentices, 16–17-year-olds, and 18–20-year-olds. For the purposes of this report, the figures presented below are based on applying the same percentage uplift as last year's increase to the current minimum wage rates.

| Group              | 2025 hourly rate | % increase | 2026 hourly rate |
|--------------------|------------------|------------|------------------|
| <b>21 and over</b> | £12.21           | 4.01%      | £12.70           |
| <b>18 to 20</b>    | £10.00           | 16.00%     | £11.60           |
| <b>16 to 17</b>    | £7.55            | 18.00%     | £8.91            |
| <b>Apprentice</b>  | £7.55            | 18.00%     | £8.91            |

- 7.3 The estimated cost of applying the NWM/NLW statutory increases equates to c£335,000.
- 7.4 413 colleagues will benefit from these statutory increases.

## 8. Exemptions

- 8.1 There are 385 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, NHS (Public and Mental Health) etc terms. They are therefore not covered by this local arrangement.

## 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 |
|--|--|--|-------------|
| <b>Without recognising our employees, the Council will risk losing their skilled workforce to other work</b> | 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, | <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> | BII         |

| Risk   | Description  | Action to avoid or mitigate risk  | Risk rating |
|--|--|---|-------------|
| <b>organisations who do.</b>                                     | compared with market average. To do nothing in terms of a pay reward would be detrimental to retaining our skilled workforce | Conclude the MedPay review beyond for the whole organisation<br><br>Offer a more meaningful Pay Award   |             |
| <b>Funding: Budget not sufficient to cover increase proposed</b> | 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:  |
|---|--|
| A Very likely<br>B Likely<br>C Unlikely<br>D Rare | I Catastrophic<br>II Major<br>III Moderate<br>IV Minor |

## 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 implications of the joint TU pay claim and the statutory wage increases are c£6,166,300 this is detailed in paragraphs 5 and 6 of this report. 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 2026/27 draft budget includes an estimate of 3% in respect of the pay award for staff.

## 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.

### Lead officer contact

Samantha Beck-Farley,  
Chief Organisational Culture Officer  
01634 331963  
[samantha.beckfarley@medway.gov.uk](mailto:samantha.beckfarley@medway.gov.uk)

### Appendices

Appendix 1 – The Protocol for annual local pay and conditions negotiations 2025/26

Appendix 2 – Diversity Impact Assessment

### Background papers

None