

## **Employment Matters Committee**

**28 January 2026**

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

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#### **Summary**

To present Members with a report on the progress of the pay negotiations for the financial year 2026/2027, and to set out the Councils pay offer for 2026/27 for referral to Full Council for agreement.

#### **1. Recommendations**

1.1. That the Employment Matters Committee recommend to Full Council to agree:

- 1.1.1. a 3% 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.
- 1.1.2. to not return to National Joint Council (NJC) pay scales currently but keep negotiations open on this matter and do a joint piece of work on impact and cost assumptions.

#### **2. Budget and policy framework**

2.1. The 2026/2027 pay negotiations are a matter for this Committee.

2.2. The report covers the progress of the annual pay negotiations with Trade Unions (TU's) for the financial year 2026/2027.

#### **3. Background**

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

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

3.3. 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, at Appendix 1 to the report.

The Council will continue to follow this procedure in its discussion with the TU's.

- 3.4. A Diversity Impact Assessment has been carried out on the pay negotiations and is attached to the report, set out at Appendix 2 to the report.

## 4. Pay Negotiations Protocol 2026/2027

### 4.1. Progress to date:

- 4.1.1. **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.
- 4.1.2. 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.
- 4.1.3. 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.
- 4.1.4. **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.
- 4.1.5. **Action 3:** Completed - The pay claim was received on the 23 October 2025 from Unison.
- 4.1.6. **Action 4:** Completed - A meeting with the Chief Executive, Chief Organisational Culture Officer and representatives from Unison was held on 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.
- 4.1.7. **Action 5:** Complete - Meetings of the Joint Consultative Committee and Employment Matters Committee took place on the 3 December 2025. TU colleagues set out their claim and officers responded to questions.

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

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

## 5. The Unison 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. Cost 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£6,139,000, 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 £47.00 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 increases

- 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. The rates announced in November 2025 will be applied from the 1 April 2026. The details of these statutory increases are listed below:

Group	2025 hourly rate	% increase	2026 hourly rate
<b>21 and over</b>	£12.21	4.1%	£12.71
<b>18 to 20</b>	£10.00	8.5%	£10.85
<b>16 to 17</b>	£7.55	6.0%	£8.00
<b>Apprentice</b>	£7.55	6.0%	£8.00

- 7.2. The assumed cost of applying the NWM/NLW statutory increases equates to c£305,000.
- 7.3. 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. The Councils Pay Offer

- 9.1. Members are reminded that the pay award agreed upon for April 2025 consisted of:

- 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 pay scales 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 with line management.
- 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 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 membership and a 25% discount on family and joint memberships, with no monthly membership falling below £20, for Medway Council employees to Medway Leisure Centres.
- to align the Children and Adults social care pay scales.
- to align the Joint National Committee Youth and Community Workers terms and conditions except for automatic increments, as agreed at Employment Matters Committee on 4 December 2024.

## 10. Risk management

10.1. 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>Conclude the MedPay review for the whole organisation</p>	BII

Risk	Description	Action to avoid or mitigate risk	Risk rating
		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:

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

## 11. Consultation

- 11.1. As detailed in the pay protocol at section 5 of this report.

## 12. Climate change implications

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

## 13. Financial implications

- 13.1. The financial implications of the joint TU pay claim and the statutory wage increases are c£6,166,388 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.
- 13.2. The 2026/27 draft budget includes £4.052million, which represents an estimate of 3% in respect of the pay award for staff and the impact of the MedPay review. However, the administration is committed to ensuring the pay award is at least consistent with CPI.
- 13.3. Although the Provisional Local Government Finance Settlement headlines were positive for Medway, as reported to Cabinet on the 13 January a significant increase in funding had already been assumed as part of the draft budget. The announcements and their impact on Medway's 2026/27 budget

were summarised in the report and amounted to a potential decrease in funding for the Council of £7.920million compared to the assumptions in the Draft Budget presented to the Cabinet on 18 November 2025.

## 14. Legal implications

- 14.1. 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.

### Lead officer contact

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### Appendices

Appendix 1 - Protocol for Annual Local Pay and Conditions Negotiations 2026/27

Appendix 2 - Diversity Impact Assessment