

Council

25 February 2026

Pay Policy Statement 2026/2027

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Summary

The Council is asked to agree the Pay Policy Statement for the financial year 2026/2027, in accordance with the Localism Act 2011.

The report was previously considered by the Employment Matters Committee on 28 January 2026, the comments of which are set out at section 5 of the report.

1. Recommendation

- 1.1. The Council is asked to note the comments of the Employment Matters Committee, as set out at section 5 of the report.
- 1.2. The Council is requested to agree the updated Pay Policy Statement 2026/2027, as set out in Appendix 1 to the report.

2. Budget and policy framework

- 2.1. Section 38(1) of the Localism Act 2011 (the Act) requires English and Welsh local authorities to produce a pay policy statement for each financial year.

3. Background

- 3.1. The Act requires Medway Council to compare the policies on remunerating chief officers and other employees, and to set out a policy on the lowest paid.
- 3.2. The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, increases, enhancements of pension entitlements etc., and termination payments.
- 3.3. The Act does not apply to local authority schools, academies, foundation or voluntary aided schools.
- 3.4. The Pay Policy Statement for 2026/2027 for Medway Council is attached as Appendix 1 to the report.

- 3.5. Guidance has been produced by the Department for Communities and Local Government and Southeastern Employers. The guidance has been considered in formulating this pay policy statement.
- 3.6. The pay policy statement must be approved by a resolution of full Council before it comes into force and must be prepared and approved before 31 March 2026 for the following financial year. It may only be amended (including after the beginning of the financial year to which it relates) by Full Council.
- 3.7. Section five of the Pay Policy Statement 2026/2027 includes reference to other employment-related policies that have been agreed upon by the Employment Matters Committee. Any amendment to these policies that do not affect the pay policy statement will be agreed upon by the Employment Matters Committee as part of the normal approval process.

4. Advice and analysis

- 4.1. The equal application of the council's remuneration policies across all levels of the organisation as detailed within the council's Pay Policy Statement 2026/2027 is a positive reflection of the council's attitude toward rewarding and recognising staff contribution. The main exception to this would be the special allowance awarded to senior managers.
- 4.2. The salaries of Assistant Directors and above are published in the Statement of Accounts and on the Council's website each year.
- 4.3. The Pay Policy Statement covers remuneration policies relating to both the highest earners in the council and the lowest earners. Those covered specifically are the Chief Executive, Deputy Chief Executive, Directors, Deputy Directors, Assistant Directors, Monitoring Officer and Section 151 Officer. In terms of the lowest paid, the policy refers to those staff who are engaged at MedPay Performance, Progression, Pay lowest range.
- 4.4. The policy statement allows for sufficient flexibility to cope with changes in circumstances (unforeseen or otherwise) by providing schemes such as those that enable a market premia payment to be made and also the scheme for awarding "acting up" or additional duties payments.
- 4.5. The following analysis highlights the matters that must be included in the Pay Policy Statement:
 - (i) The Council's policy on the level and elements of remuneration for Assistant Directors and above. This is set out in Section two (pages 3-9) of the policy.
 - (ii) The Council's policy on other specific aspects of chief officers' remuneration, e.g. remuneration on recruitment, increases and additions to remuneration, any use of performance related pay and bonuses, termination payments and transparency. This is also set out in Section two of the policy.

- (iii) The Council's policy on the remuneration of its lowest paid employees (together with its definition of "lowest paid employees" and its reasons for adopting that definition). This is set out in Section three (pages 9 - 13).

Note: Both Sections two and three set out the remuneration packages appropriate to that particular level of staff. Both sections include a table setting out the elements of the remuneration package and highlights any differences between the two levels. By comparing both tables, it can be noted that the differences are minimal. This reinforces the message that the council does not differentiate significantly between senior and lower levels of personnel in terms of its application of pay and reward policies.

- (iv) The Council's policy on the relationship between the remuneration of Assistant Directors and above and other officers. This is set out in Section four (page 14).

Note: The statutory guidance advises that the way of measuring pay relationships is to use a pay multiple. Will Hutton's 2011 *Review of Fair Pay in the Public Sector* supported the idea of publishing the ratio of the pay of an organisations top earner to that of its median earner and tracking it over time. The government has recommended the adoption of such a multiple in its code of recommended practice on data transparency and has gone further in its statutory guidance on pay policy statements.

- 4.6. The pay multiple for the council, calculated on the ratio of the top earner to that of its median earner for December 2025 equates to 5.0.
- 4.7. As well as prescribing mandatory content, the Act also states that the pay policy statement:
 - (i) can be amended in-year. This is set out in Section seven (page 20)
 - (ii) must be published on the council's website. It is proposed that the policy be published on medway.gov.uk and on *MedSpace*. This is set out in Section eight of the policy (pages 20 – 21).
 - (iii) must be complied with when the authority sets the terms and conditions for Assistant Directors and above.
- 4.8. Section five identifies the remuneration policies that are applied across the workforce and where there is no status distinction. Whilst not mandatory, this section has been included intentionally. By indication that the majority of reward policies apply to all employees in the same way may allay concerns about any perceived generosity of senior recruitment within the Council.

5. Employment Matters Committee

- 5.1. The report was considered by the Employment Matters on 28 January 2026 and the draft minutes are set out below:

- 5.2. The Chief Organisational Culture Officer introduced the report which presented the Pay Policy Statement for the financial year 2026/2027, in accordance with the Localism Act 2011, for referral to Full Council for agreement. The key change this year was an amendment removing the requirement of approval of Full Council to any appointment above Assistant Director with a salary over £100,000, which had caused delays in recruitment and made it difficult to respond quickly to market conditions. The proposal was to increase this threshold to £150,000, with approval instead delegated to the Appointments Committee.
- 5.3. In response to questions around allowances, the Chief Organisational Culture Officer advised they were legacy arrangements that had not been formally reviewed. The amounts were insufficient to provide the intended benefits, and in practice had been used to supplement salary where pay could not otherwise be increased. Senior leadership pay had not yet been fully reviewed, but was underway, including benchmarking and career progression frameworks and as part of that work, allowances would be reconsidered.
- 5.4. In response to questions, the Chief Organisational Culture Officer advised that the central car user allowance was reviewed annually and there were currently three different car user allowances in operation, which was considered overly complex. A full review of all car allowances was delayed last year due to capacity pressures from the MedPay review but was scheduled to take place this year, with benchmarking against neighbouring authorities to ensure consistency and simplicity.
- 5.5. Members noted the Joint Consultative Committee comments from the earlier meeting about rewording paragraph 2.61 of the policy for better clarity.
- 5.6. **Decision:**
- 5.7. The Employment Matters Committee noted the updated Pay Policy Statement 2026/2027, as set out in Appendix 1 to the report, and agreed to refer it to Full Council for agreement.

6. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Failure to comply with s38 (1) of the Localism Act.	Non-compliance with legislative requirements	Updated policy presented to EMC no later than February each year for comment and referral to Full Council.	CIII

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

7. Consultation

- 7.1. The overall Pay Policy Statement 2026/2027 has not been subject to consultation; however, all policy changes have been with Trade Union colleagues, network forums and Employment Matters Committee.

8. Climate change implications

- 8.1. Whilst the overall policy contains no changes that impact we do need to review our travel policy and other policies considering climate change implications.

9. Financial implications

- 9.1. There are no additional financial risks as the Pay Policy Statement highlights policies that have already been agreed and are in operation, with exception to this year's pay award, which is captured under the main budget impact and end of year cost of living award proposal.

10. Legal implications

- 10.1. The Council is statutorily bound by the Localism Act 2011 to produce this statement. There are no legal implications.

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Appendices

Appendix 1 – The Pay Policy Statement – with tracked changes
Appendix 2 – Diversity Impact Assessment

Background papers

None