

Public Report with Exempt Appendices  
Staffing Committee

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**Committee Name and Date of Committee Meeting**

Staffing Committee – 09 February 2026

**Report Title**

Proposed Changes to the Council's Pay Structure

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Executive Director Approving Submission of the Report**

Judith Badger, Executive Director of Corporate Services

**Report Author(s)**

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Rob Mahon, Service Director, Financial Services.

**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report provides detail of the implications of the deletion of spinal column point 02 (agreed as part of the April 2025 pay award, effective April 2026) and the impact of the Real Living Wage uplift of 6.7%, meaning that the Council will need to reintroduce spinal column point 10 to ensure parity between pay grades. Further, that all employees currently on spinal column points 02 to 09 are recommended to be transferred to the next available point to maintain parity in accordance with equal pay legislation.

It is possible that following the agreement of the Local Government NJC Pay Award 2026/27 that further spinal column points may be required to be reintroduced to the Council's Pay Structure to enable payment of salaries in accordance with the agreement. This paper requests that any further changes to spinal column points within the Council's pay structure, arising from the outcome of the collective bargaining process, may be implemented without further deference to the Council's Staffing Committee.

**Recommendations**

Staffing Committee is asked to:

1. Approve the proposed changes to the Council's pay structure.
2. Approve the recommendation to transfer employees on spinal column points 02 to 09 to the next available point.

3. Delegate to Service Director of Human Resources and Organisational Development the implementation of any further introduction of spinal column points, arising from the outcome of national collective bargaining processes.
4. Recommend to Council the changes to the Council's pay structure.

### **List of Appendices Included**

Appendix 1 Financial implications (exempt)

### **Background Papers**

Previous Staffing Committee reports.

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

### **Council Approval Required**

Yes

### **Exempt from the Press and Public**

Yes or No? If yes, use text below.

*An exemption is sought for Appendix 1 under Paragraph 4 (Information relating to any consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders, under the authority.)*

*It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because providing the information would place the local authority at a disadvantage in negotiations with the trades unions.*

## **Proposed Changes to the Council's Pay Structure**

### **1. Background**

- 1.1 As part of the Local Government NJC Pay Agreement 2025/26, spinal column point 02 was deleted from the Local Government pay spine and employers are required to implement changes to their pay structures from 1<sup>st</sup> April 2026.
- 1.2 Further, the Council as a Real Living Wage (RLW) accredited employer, agrees to apply the RLW value that is announced in October each year by 1<sup>st</sup> April the following year. This accreditation reflects the Council's commitment to paying its lowest-paid staff a wage based on the actual cost of living, rather than the statutory minimum National Living Wage (NLW).
- 1.3 The Local Government NJC pay award is due to be applied from the same date and therefore this should coincide with any uplifts. Although the trade unions have put forward their pay claim to the Local Government Association for 2026/27, negotiations have yet to commence and therefore this is unlikely to occur.
- 1.4 As has been the case in previous years, to fulfil our commitment as a RLW employer and to maintain differentials within the pay spine, it will be necessary to apply a temporary uplift to some NJC spinal column points ahead of the national pay award. This has previously been undertaken as part of usual business practice, however for 2026/27 the Council will need to make some changes to its pay structure to maintain appropriate differentials.
- 1.5 The deletion of spinal point 02 coupled with the additional complexity of a RLW uplift of 6.7% means that the Council will need to reintroduce SCP 10.
- 1.6 Further, the outcome of the Local Government pay negotiations may require the Council to introduce further spinal column points. Whilst this impact is unknown at present there will be a requirement of the Council to implement the pay award in accordance with collective bargaining processes at the soonest opportunity.
- 1.7 This paper seeks agreement by Staffing Committee for the changes to the Council's pay structure to ensure pay equity and transparency between grades is maintained.
- 1.8 In addition, that any further introduction of the spinal column points from the national pay spine into the Council's pay structure, which are necessary to implement the outcomes arising from the collective bargaining process, may be implemented without further deference to Staffing Committee in accordance with our legal obligations and commitment as a Real Living Wage employer.

### **2. Key Issues**

- 2.1 Despite the planned removal of spinal column point 02, the Council's pay structure continues to face pressure from the rising Real Living Wage

(RLW), currently set at £12.60 per hour (April 2025) with a 6.7% increase agreed to £13.45 (April 2026).

- 2.2 The National Living Wage (NLW) has been announced for April 2026 with a value of £12.71, which is below the current scale point 3 value, meaning that this will not impact on the NJC spine for the April 2026 pay award.
- 2.3 Based on a 2% pay award, as per the MTFs, scale points 03 and 04 would need to be either removed from the RMBC pay spine or the temporary uplift extended to remain compliant with the RLW effective April 2026.
- 2.4 If extending the temporary uplift for any affected spinal column points, consideration would also need to be given to the appropriateness of the gaps to subsequent spinal column points.
- 2.5 As part of previous national pay settlements, the LGA has committed to a review of the national pay spine to ensure it is fit for purpose and offers suitable incentives for advancement.
- 2.6 It is possible that the LGA and Employers will agree a weighted pay award to address the NLW and RLW pressure at the bottom of the pay spine, however this will not be known until after the April application of the RLW.
- 2.7 The approach taken to adjust the Council's banding structure for the removal of scale point 02 will impact how any temporary RLW uplift will be applied to specific grades.
- 2.8 The temporary uplift is set at a level to ensure that reasonable differentiation exists between spinal column points and it will not exceed the MTFs estimated pay award value of 2%, with the difference to be paid to individuals when the pay award is processed.
- 2.9 Across the year the temporary uplift will be cost neutral as it represents the early payment of part of the pay award to ensure RLW compliance ahead of its agreement.

### **3. Options considered and recommended proposal**

- 3.1 It is highly likely that increases in RLW rates will erode scale points on the NJC spine over time, resulting in higher staffing costs.
- 3.2 On the assumption that there is no national agreement for the 2026-27 Local Government NJC Pay Award before April 2026 and RMBC remains an RLW employer, intermediary action will be required to adjust the RMBC pay structure to facilitate the removal of spinal column point 02 and apply a temporary uplift to the RMBC pay spine ahead of any further changes driven by the pay award.
- 3.3 Dependant on the agreed pay award the application date for each phase will alter, a pay award of 4.65% or above would not erode any additional points,

an award between 3.03% and 4.65% would erode scale point 03 and an award below 3.03% would erode scale points 03 and 04.

- 3.4 Spinal column points would be reviewed following any agreement of the 2026/27 Local Government Pay Award. The Council is required to implement the agreed pay award at the soonest opportunity once the Local Government Association issue the 'circular' to Local Authorities.
- 3.5 In order to ensure compliance, it is proposed to delete spinal column point 02 and transfer all employees currently on spinal column points 02 to 09 to the next available point, with scale point 10 introduced to the Council's pay spine.
- 3.6 Further, the RLW uplifts will be applied to points 03 to 07.
- 3.7 Following the agreement of the NJC pay award, action will be required to ensure that all scale points remain at or above the RLW rate.
- 3.8 There is potential for future pay awards and RLW uplifts to drag scale points in and out of compliance with each other year-on-year, such as a higher or bottom weighted NJC pay award or a lower-than-expected RLW increase.
- 3.9 The Council is not proposing to make further permanent changes to its pay structure, until the outcome of the 2026/27 pay negotiations is understood.
- 3.10 The RLW rates applied effective from April 2026 will be retained until the application of the April 2027 RLW rate or agreement of the April 2027 NJC pay award, at which point a review of the long-term strategy could be undertaken; with the permanent scale point changes applied if appropriate.
- 3.11 This approach would support RLW compliance without committing to structural grade changes too early and outside of the national collective bargaining process.
- 3.12 Once the 2026/27 pay award is confirmed, this may require the Council to introduce further points from the national pay scale into its pay structure in order to remain compliant with both the agreement and the Council's commitment to being a RLW employer. As this is required to be implemented at the soonest opportunity it is proposed to implement any required changes without further deference to Staffing Committee.

#### **4. Consultation on proposal**

- 4.1 Consultation has taken place with SLT. The proposals have been discussed with the joint trade unions however the removal of SCP02 is determined as part of national pay negotiations. The trade unions have been consulted on the re-introduction of SCP10.
- 4.2 Financial assumptions have been included as part of the Council's MTFS.

## **5. Timetable and Accountability for Implementing this Decision**

- 5.1 In order to comply with the outcome of collective bargaining and the Council's commitment to the implementation of the RLW all changes will need to be made by 1<sup>st</sup> April 2026.
- 5.2 The Service Director, Human Resources and Organisational Development will be accountable for making the changes to the Council's payroll system.

## **6. Financial and Procurement Advice and Implications**

- 6.1 The Local Government NJC Pay Agreement 2025/26 must be applied in full by the Council, which includes the removal of spinal column point 02 (current Band A).
- 6.2 The financial impact of addressing the removal of spinal column point 02 as outlined in the report above is £738k and has been factored into the budget setting process for 2026/27.
- 6.3 The Real Living Wage has been determined at £13.45 and will be implemented by RMBC on 1<sup>st</sup> April 2026. The pay award for 2026/27 will be agreed later in the year and will be applied to salaries as soon as possible thereafter. In the interim, a temporary uplift will be applied to SCPs 3 to 7 to comply with the Real Living Wage and to ensure differentiation between SCPs. This temporary uplift is effectively an early application of the pay award, which has been budgeted for in 2026/27.
- 6.4 In the event that the pay award does not deliver an hourly rate of £13.45 or above at the bottom of the pay spine, the Council will be required to progress to phase 2 of the options set out in Appendix 1, Table 3, to utilise the next available unused scale point, at a further cost of £933k. Given the high possibility that this movement may be required in 2026/27 the financial impact has been built into the Council's Budget and Council Tax Report 2026/27.
- 6.5 There are no direct procurement implications arising from this report.

## **7. Legal Advice and Implications**

- 7.1 Failing to make the changes could lead to a Breach of collective bargaining obligations (implied contract term and statutory framework) if the Council does not implement national pay awards accurately or promptly. Delegating authority to implement future spinal column adjustments without further reference to committee requires:
- A clear legal basis in the Council's scheme of delegation; and
  - Assurance that the Staffing Committee is not improperly delegating a non-delegable function.
- 7.2 The report also proposes:
- Transferring all employees on SCP 02–09 to the next available point.
  - Introducing SCP 10 to maintain parity and avoid pay compression.

- 7.3 Failure to maintain proper differentials could trigger an Equal Pay challenge, particularly if:
- Lower-graded staff receive temporary uplifts that disturb established pay relationships.
  - Inconsistent treatment occurs during the “temporary uplift” phase.
- 7.4 In mitigation the Council should ensure the rationale for each adjustment is:
- Objective
  - Transparent
  - Documented in case of external scrutiny or internal grievance.
- 7.5 Finally, RLW accreditation is not statutory, but contractually and reputationally binding. Failure to implement RLW rates by 1 April 2026 could expose the Council to:
- Breach of accreditation standards and potential loss of accreditation.
  - Employee grievances or claims relating to unlawful deduction of wages.

## **8. Human Resources Advice and Implications**

- 8.1 Changes will need to be made to the Council's payroll system to ensure compliance with collective bargaining and commitment to pay the real living wage.
- 8.2 All changes will be required to be made to the HR system from 1<sup>st</sup> April.
- 8.3 The proposals highlighted in this document accord with the principles of equal pay and support the Council's ambition as an employer of choice through its commitment to paying the real living wage.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 There are no implications for Children and Young People or vulnerable adults arising from this report.

## **10. Equalities and Human Rights Advice and Implications**

- 10.1 The proposals arising from this report ensure that pay parity is maintained across the Council's pay systems.
- 10.2 There are no other Equality and Human Rights implications arising from this report.

## **11. Implications for CO<sub>2</sub> Emissions and Climate Change**

- 11.1 There are no implications arising from this report.

## 12. Implications for Partners

12.1 There are no implications arising from this report.

## 13. Risks and Mitigation

13.1 Should the Council fail to implement the outcomes of this report it would be in breach of collective bargaining arrangements and its commitment to pay the Real Living Wage.

13.2 The recommendations of this report prevent this risk.

### Accountable Officer(s)

Lynsey Linton, Service Director, Human Resources and Organisational Development.

Rob Mahon, Service Director, Financial Services.

Approvals obtained on behalf of:

	<b>Name</b>	<b>Date</b>
Chief Executive	John Edwards	30/01/26
Executive Director of Corporate Services (S.151 Officer)	Judith Badger	30/01/26
Service Director of Legal Services (Monitoring Officer)	Phillip Horsfield	30/01/26
Service Director of Human Resources (if appropriate)	Lynsey Linton	23/01/26
Head of Human Resources (if appropriate)		Click here to enter a date.
The Executive Director with responsibility for this report	Judith Badger, Executive Director of Corporate Services	29/01/26
Consultation undertaken with the relevant Cabinet Member	Cabinet Member for Finance and Community Safety - Councillor Alam	15/01/26

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