

21 January 2026

Part 1 - Public

Recommendation to Council



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Cabinet Member	Not applicable
Responsible Officer	Damian Roberts, Chief Executive
Report Author	Mathew Brooks, Head of HR & Development

Pay Award 2026/2027

1 Summary and Purpose of Report

1.1 This report provides Members with information to recommend to Full Council, the Council's pay award for employees for 2026/27.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 Ensuring that the Council's pay remain competitive with neighbouring Councils and those within the wider job market, should ensure that the Council can successfully recruit and retain staff with the appropriate skillset to deliver the Council's priorities, particularly during this period of uncertainty and disruption caused by Local Government Reorganisation

3 Recommendations

3.1 To recommend to Council to apply a pay award of 4% to all salary scales with effect from 1 April 2026.

4 Introduction and Background

4.1 All Council employees have a term in their contracts which reads "Salaries will be revised on 1 April each year by an amount determined by the Authority having regard to movements in the Retail Price Index, comparative pay settlements and prevailing economic conditions." This Council determines its own pay awards and is not tied into the national process of collective bargaining.

4.2 The last increase to employees' salaries was on 1 April 2025. The pay award was a 2.9% increase paid to all staff except for increasing the lowest pay rate to £12.60 per hour in line with the Real Living Wage rate for 2025/26. This meant

that spinal column point 315 was removed from scale 3 of the Council's pay scale. Salary scales 1 and 2 were formally removed from the Council's pay structure as they fell well below the National Living Wage. Unfortunately, one of the consequences of this has been to reduce the ability of the Council to bring in new employees into entry level jobs where the Council would have been able to provide support, training and valuable experience for employees at the very start of their careers.

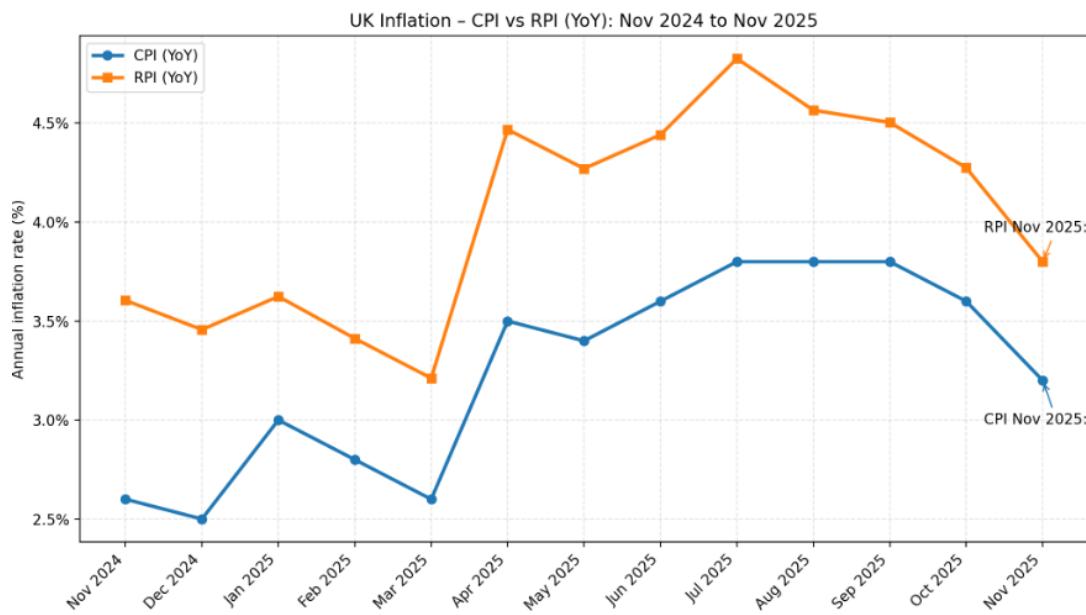
4.3 This report considers a range of factors that are relevant to the issue of a pay award for 2026/27 and provides Members with information to consider in determining the recommended pay award for employees.

5 Prevailing Economic Conditions

5.1 RPI and CPI Rates

5.2 The most recently published Retail Price Index (RPI) rate (in November 2025) was 3.8% and the Consumer Price Index (CPI) most recent published figure (in November 2025), was 3.2%.

5.3 As the chart below shows, over the past year RPI ended at 3.8%, tracking a modest downward trend after summer high of 4.8%, while CPI peaked at 3.8%



5.4 Members will be aware of the on-going need to make savings and transformation contributions in the context of the Medium-Term Financial Strategy.

5.5 A key factor for Members to consider when determining this year's pay award is the forthcoming increase in the National Living Wage (NLW) from 1 April 2026. The Government has announced that the NLW will rise by 4.1% on 1 April 2026, moving from £12.21 to £12.71 per hour—an increase of £0.50 per hour.

5.6 The Council is legally required to ensure that no employee is paid below the NLW. Currently, the lowest pay rate at TMBC is for staff on scale 3, spinal column point 316, which equates to £12.60 per hour. Any pay award of 1% or more will ensure this rate remains above the new NLW threshold.

5.7 If no general pay award is agreed, the Council will still need to apply a pay increase of at least 1% to spinal column point 316 to comply with NLW requirements from 1 April 2026. Alternatively, staff on this grade would need to be moved to spinal column point 317 to avoid falling below the statutory minimum. (Annex 1 - Salary Scales TMBC 2025/26)

5.8 Comparative Pay Settlements

5.9 At the time of writing, no Kent Authority have settled their pay awards for 2026/27, and most are engaged in ongoing negotiations with rates of up to 4% being discussed.

5.10 There is no indication as yet of what the national pay award (NJC) offer for 2026/27 will be. The national pay award for 2025/26 was an increase of 3.2% applied to all pay grades compared with 2.9% agreed by this Council.

5.11 The below table shows the historic pay awards at TMBC since 2010/11 along and the average annual rate of CPI and RPI.

Financial Year	Pay Award	Average CPI (FY, %)	Average RPI (FY, %)
2010/11	0% (pay freeze)	3.5	5.0
2011/12	0% (pay freeze)	4.3	4.8
2012/13	0% (pay freeze)	2.7	3.1
2013/14	1%	2.3	2.9
2014/15	1%	1.1	2.0
2015/16	1%	0.1	1.1
2016/17	1% (part of 2% over 2 years)	1.1	2.1
2017/18	1% (part of 2% over 2 years)	2.8	3.8
2018/19	2%	2.3	3.1
2019/20	2.5%	1.7	2.7
2020/21	2.5%	0.6	1.1
2021/22	1%	4.0	5.8
2022/23	2%	10.0	12.9

2023/24	5%	5.7	7.6
2024/25	£1,900 (Scale 1–SO) and 5% (M grades)	2.4	3.3
2025/26	2.9% (all staff) and £12.60/hour lowest SCP	3.6	4.5
Average %increase	1.7*	3.0	4.1

*based on a 5% pay award for 2024/25 and 2.9% for 2025/26

5.12 From 2010-2012 there were no pay awards and salaries remained “frozen” at the 2009 level. From 2013-2015 there were pay awards of 1%; an award of 2% over 2 years was made for the period April 2016 to March 2018.

5.13 The award for 2018/19 was 2%, for 2019/20 and 2020/21 the award was 2.5%, for 2021/22 it was 1% and for 2022/23 it was 2%. The pay award for 2023/24 was 5%. The pay award for 2024/25 was £1,900 for staff on scale 1 to SO and 5% for M grade staff.

5.14 The most recent pay award for 2025/26 was 2.9% to all staff and £12.60 per hour to the Council’s lowest spinal column point.

6 Recruitment and Retention Issues

6.1 Recruitment to M grade posts across the Council has become increasingly challenging in recent years, especially in disciplines requiring professional qualifications such as Planning, Legal, Engineering, Finance, and Surveyors. TMBC’s proximity to London, where salaries and benefits are often more attractive, has intensified competition for skilled professionals. In addition, the Council faces strong competition for talent across Kent and neighbouring counties, further limiting the pool of suitably qualified candidates and making it increasingly difficult to secure appointments to these critical roles.

6.2 The area of organisational development is an amber risk on the Strategic Risk Register presented to Audit Committee in September 2025, where it is considered that a lack of resources or correct skill sets could result in delays to deliver both required and desired outcomes. The potential for losing key staff to other authorities could have a detrimental effect on service delivery for the Council.

6.3 Several key M grade roles have remained vacant for extended periods or have only been filled after multiple unsuccessful recruitment rounds leading to significant capacity issues and disruption to operational delivery. For example, the Estates Surveyor (M8) post has been vacant since August 2022 and is currently covered by a more costly locum. Similarly, the Contracts & Procurement Lawyer (M6) has required repeated advertising and is again being covered by a locum since October 2022. The Principal Planner (Policy) (M7) and Engineering

Manager (M8) posts have also relied on temporary and costly arrangements due to persistent recruitment difficulties.

- 6.4 The Council relies on having highly skilled and motivated Officers, but in many cases, shortlists for M grade vacancies have been extremely limited, resulting in either no appointment or the need to appoint through agencies at significant additional cost. These challenges have led to delays in filling critical roles, increased reliance on agency staff, and additional strain on existing teams, all of which pose risks to service delivery and organisational resilience.
- 6.5 While these recruitment issues are most acute at the M grades, the Council remains committed to the retention and fair pay of all staff. Local Government Reorganisation adds further uncertainty, making it essential to maintain competitive pay and supportive working conditions to retain valued employees across the organisation.
- 6.6 A good pay award this year is essential to retain and recognise the value of our staff, ensuring the Council remains competitive and able to deliver high-quality services during this period of significant change.

7 **Proposal**

- 7.1 The cost of living and Public Sector pay has continued to be a high-profile topic throughout 2025, as rates of inflation have increased overall during the last twelve months, the current rate of inflation suggests that a pay award is necessary.
- 7.2 **UNISON Pay Claim for 2026/27**
- 7.3 The trade union, UNISON, submitted their claim to the Chief Executive and the Director of Central Services & Deputy Chief Executive in November 2025. UNISON's pay claim for 2026/27 can be found in full, in Annex 2 of this report.
- 7.4 The main element of UNISON's pay claim for 2026/27 is to request a pay increase to all grades of 4.5% with allowances increasing by the same amount. In addition, UNISON have requested that the Council permanently adopts the Real Living Wage and to maintain pay differentials across the pay scale when raising the lowest grades to the Real Living Wage levels.
- 7.5 The Real Living Wage is due to rise to £13.45 per hour from 1 April 2026. This is an increase of 6.7%.
- 7.6 The cost of implementing UNISON's pay claim of a 4.5% pay rise is £628,650.
- 7.7 If the Council were minded to accept all elements of UNISON's claim i.e. a 4.5% pay award, adopt the Real Living Wage and maintain pay differentials across the pay scale when raising the lowest grades to the Real Living Wage levels, this will cost £942,450.

- 7.8 If the Council implemented the Real Living Wage during the next financial year (but did not maintain pay differentials), this would affect the Council's pay structure. Specifically, Scale 3 would fall below the minimum permissible rate of pay.
- 7.9 A consequence of this, all staff currently on spinal column points 316 and 317 would need to move up to Scale 4. Consequently, to maintain appropriate pay differentials, staff on the first two spinal column points of Scale 4 would also need to be moved up.
- 7.10 The cost of adjusting pay for lower-graded roles to align with the Real Living Wage from 1 April 2026 is £54,469.

7.11 Issues to Consider

- 7.12 If the Council adopted the Real Living Wage and maintained pay differentials as an ongoing policy position then this approach carries significant financial implications.
- 7.13 If adopted, future pay decisions at TMBC would effectively be driven by national increases in the Real Living Wage, which are likely to exceed the pay awards typically considered locally. This would reduce the Council's ability to manage pay progression independently and could result in significant escalating costs over time.
- 7.14 Adopting the Real Living Wage and maintaining pay differentials as a formal policy introduces a material financial risk for the Council in future years.
- 7.15 Adopting the Real Living Wage presents significant challenges for the Council, principally due to the lack of autonomy over the budget-setting process. This limitation means that any additional costs arising from pay adjustments cannot be easily absorbed or reallocated within existing budgets.
- 7.16 The requirement to increase salaries for lower-graded roles, and the subsequent knock-on effect on pay differentials across scales, leads to upward pay pressure on all grades and as a result, substantial financial implications year-on-year. This is because it is vital that the Council is able to maintain clear differentials between grades so that pay remains fair and linked to the skills, knowledge and experience necessary for the effective delivery of each role.
- 7.17 These differentials also have an important role in underpinning career progression, an essential factor in the Council's approach to developing, motivating and retaining its staff. Without the ability to manage these costs proactively, the Council faces increased pressure on its resources, which may impact service delivery and overall financial sustainability.
- 7.18 An overriding imperative for the Council is to contain its expenditure on salaries in order to retain a stable employment position that, in turn, will be to the overall

benefit of staff, continue the delivery of good quality services, and help to achieve a balanced budget. Maintaining our ability to recruit, retain and motivate staff with the appropriate skill sets to meet the Council's priorities and future challenges ahead is also of vital importance.

- 7.19 Provision for pay inflation for 2026/27 has been made at 4% in the draft Revenue Estimates for 2026/27 (being presented to the Overview and Scrutiny Committee on 22 January 2026) this equates to an increase of £558,800 against the base staffing establishment.
- 7.20 The determination of a pay award for 2026/27 is driven by two key factors, the need to maintain the Council's ability to recruit and retain staff in a highly competitive environment and at a particularly challenging time, and the need for a pay award that recognises the contribution of all staff in the Council.
- 7.21 After carefully taking everything into account, I recommend that a 4% pay award to staff for 2026/27.

8 Conclusion

- 8.1 Implementing a 4% pay award will support for the Council's efforts to tackle acute recruitment and retention challenges, especially at M grade and other hard-to-fill posts across the Council.
- 8.2 With this proposed increase, the lowest pay grade will rise to £13.10 per hour, positioning the Council comfortably above the new National Living Wage (with effect from 1 April 2026) of £12.71 and strengthening its competitiveness in attracting and retaining staff.
- 8.3 Such an award clearly demonstrates the Council's commitment to valuing its workforce and offers a compelling incentive for both staff retention and prospective employees to choose TMBC, helping to secure the skills and experience needed to maintain high-quality services.

9 Financial and Value for Money Considerations

- 9.1 A flat rate 4% pay award to all staff, would cost £558,800 and is currently included in the draft estimates and MTFS being prepared for Member consideration.
- 9.2 Members allowances will also rise in-line with the agreed percentage of the staff pay award. A 4% rise to Member allowances would cost £17,150 and has been included in the Overview and Scrutiny Committee papers.

10 Risk Assessment

- 10.1 The Council will need to continue to closely monitor movements in pay awards in future years not only amongst neighbouring authorities but also in the private

sector as there is a risk that some staff, whom it may be in the Council's interest to retain for the future, may be attracted to the potentially higher rewards elsewhere.

10.2 The Council lists recruitment and retention issues on the Strategic Risk register making it one of the top 10 Risks facing the Council. If a below inflation pay award is given to staff this could increase the level of risk to the Council.

11 Legal Implications

11.1 The Council has a contractual requirement to review our salary levels annually but no obligation to increase them by any set amount or in response to movement in either the RPI or the CPI.

12 Consultation and Communications

12.1 The Council has actively engaged with colleagues from UNISON and has considered their proposal for the 2026/27 pay award.

12.2 The Council does not require formal agreement through consultation with either UNISON or any other trade union in order to determine its pay award.

13 Implementation

13.1 Subject to approval by Council on 24 February 2026, the pay award will be implemented on 1 April 2026.

14 Cross Cutting Issues

14.1 Climate Change and Biodiversity

14.1.1 A moderate source of emissions is likely to be maintained at current levels or increased.

14.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

14.2 Equalities and Diversity

14.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

14.3 Other If Relevant

- Human Resources
- Business Continuity / Resilience

14.3.1 Human Resources - Pay Policy statement.

14.3.2 Business Continuity / Resilience - a pay award of 4% is being recommended to ensure that pay remain competitive both with neighbouring Councils and the wider job market to ensure the Council can successfully recruit and retain staff with the appropriate skillset to deliver the Council's priorities

Background Papers	None
Annexes	Annex 1 – TMBC 2025/2026 salary scales Annex 2 – UNISON pay claim for 2026/27