

Briefing Note

To	Employment Panel
From	Tim Normanton – interim Assistant Director – People & Inclusion
Subject	Implications on 2026-27 salaries as a result of the 25-26 pay award agreement and the October 2025 increase in the Real Living Wage
Purpose	To comply with the requirement to remove SCP2 from the Council's pay spine. To consider the Council's position as a Real Living Wage Employer and what it may mean to retain this status.
Recommendations	<ul style="list-style-type: none"> • To implement the proposed changes to the Council's pay spine as set out above with effect from 1 April 2026 • To note the Council's budget forecasts have been updated to assume a 3% increase for the 2026-27 pay award • To review the Council's ongoing commitment to be a Real Living Wage Employer • To review the pay spine in full, at a later date, alongside national changes

Introduction

This briefing note explains the requirement to remove SCP2 from the Council's pay spine following agreement of the NJC 2025-26 pay award. It includes a proposal for how this could be implemented and sets out the implications of doing so.

Furthermore, it sets out the implications for the Council following the October 2025 increase in the Real Living Wage, including a proposal for implementation and details of the financial impact.

Context

2025-26 Pay Award

On 23 July 2025, we were notified that agreement had been reached on the 2025-26 NJC pay award, which was that:

- Each Spinal Column Point (SCP) point be increased by 3.2%, effective from 1 April 2025, meaning that the bottom rate of pay on the NJC pay spine became £12.65 per hour (SCP2).
- From 1 April 2026, SCP2 to be permanently deleted from the NJC pay spine. This would mean that the bottom rate of the NJC pay spine from 1 April 2026 pending the 2026-27 pay award would be £12.85 (SCP3).

NJC Pay Spine

The Council has devised its own pay spine, incorporating the NJC SCPs. This pay spine is reviewed annually to take account of the national pay award, and if necessary to take steps to retain the Council's commitment to being a Real Living Wage employer. Previously this has meant paying non-consolidated supplements to employees from 1 April until the pay award for that particular year has been agreed.

Living wage

Since 1 April 2025, the national living wage for employees aged 21 and over has been £12.21. The Government has estimated that the National Living Wage from 1 April 2026 will be £12.71 (a **4.1% increase**). However, as predicting this is challenging, they have also provided a range around the central figure of £12.55 to £12.86. (See [National Living Wage estimate update - GOV.UK](#)). We will therefore maintain headroom from the predicted NLW, albeit by only 14p, from 1 April 2026 for the period until the 2026 pay award is finalised.

Real living wage

On 23 October 2024 the real living wage increased to £12.60. The Real Living Wage rate for 2025-26 was announced on the 22 October 2025 as £13.45 (a **6.7% increase**). Employers have 6 months to implement it by 1 May 2026.

National pay negotiations

Given the impact of the national living wage, the employers and trade unions have agreed to review the NJC pay spine. This will have a significant impact on the Council's pay spine and in all likelihood will mean that it will need a full redesign. We are not however clear when this will happen and what it will look like.

Proposed actions

The bottom end of the Council's pay spine currently looks like this:

Grade	Spinal Column Point
3	2
4	3
5	4
	5
6	6

It includes the following staff:

Grade	Spinal Column Point	Examples of Job Titles	Number of actual employees incl casuals	Number of FTE employees
3	2	Apprentices, Cleaners, Catering Assistants	325	99.42
4	3	Pupil Escorts, School Crossing Patrol, Assistant Unit Supervisor, Gardener, Supply Relief Caretaker	196	62.82
5	4	Business Support Administrator, Road Worker One	7	5.59
	5	Business Support Administrator, Lifeguard, Caretaker, Street Care Operative	102	67.77

Pending a full review of the Council's pay spine, which will need to take place over the next few years in line with national changes, it is proposed that the following changes are made from 1 April 2026:

Grade	Spinal Column Point
3	3
4	4
5	5
6	6

This means that:

- SCP2 will be removed as we are required to do
- All staff currently on SCP 2, 3 and 4 will move up one SCP point, and subsequently receive a pay rise
- Grade 5 will become a single SCP point grade. This is in line with grades 3, 4 and 6, but all other grades span 2-5 SCP points

It is proposed that a further full review of the pay spine be undertaken at the time of the national review.

In addition to the above, in order to continue to be a Real Living Wage Employer, it is proposed that we apply a supplement to employees on SCP3-7 at least until the pay award for 2026-27 is agreed. If the pay award is not sufficiently high enough, an ongoing supplement may also be needed for the first time if we wish to retain our status. If all of these proposals are adopted, the pay spine would resemble that in Appendix 1.

Implications

Financial

Removing SCP2 will add around £85K to the Council's salary bill. This figure is inclusive of on costs at 31.5% and is based on 25-26 salary rates.

Grade	Current SCP	FTE Employees	Proposed SCP	Annual salary increase per FTE based on 25-26 rates	Increase in annual salary costs	Increase in annual salary costs incl on costs at 31.5%
G3	SCP2	99.42	SCP3	£383	£38,077.86	£50,072.39
G4	SCP3	62.82	SCP4	£389	£24,436.98	£32,134.63
G5	SCP4	5.59	SCP5	£398	£2,224.82	£2,925.64
	SCP5	67.77	SCP5	No change		
Totals					£64,739.66	£85,132.66

The non-consolidated supplements will be deducted from any back pay relating to the 26-27 pay award. If the pay award is not at least c.4.7% then to retain Real Living Wage employer status, we would need to apply further ongoing supplements. An example of this can be seen in Appendix 2 where a 4.1% pay award is applied (in line with NLW). This would cost c.£18K for the year in supplements (extra 7p per hour to those staff on SCP3 plus oncosts).

Grade	Proposed SCP	FTE Employees	Annual RLW supplement per FTE based on 4.1% pay award for 26-27	Increase in annual salary costs	Increase in annual salary costs incl on costs at 31.5%
G3	SCP3	99.42	£136	£13,521.12	£17,780.27

Employee engagement

Whilst employees on SCP2, 3 and 4 will be pleased to receive a pay increase, this will have the effect of creating 4 single SCP point grades and a further bunching on roles at the bottom of the pay spine. Staff on these grades will not receive any increments and only receive the annual pay award. They will also receive little extra remuneration for taking on extra responsibilities in higher graded roles. This does not support morale, engagement or retention.

Recommendations

The recommendations are:

- To implement the proposed changes to the Council's pay spine as set out above with effect from 1 April 2026
- To note the Council's budget forecasts have been updated to assume a 3% increase for the 2026-27 pay award
- To review the Council's ongoing commitment to be a Real Living Wage Employer
- To review the pay spine in full, at a later date, alongside national changes

Appendix 1: Proposed Pay Spine (pre pay award)

Pending implementation of the pay award for 2026-27, proposed pay spine as follows:

SCP Values wef 010426 to include RLW supplement. 2026-27 pay award not yet agreed.

Grade	SCP	Annual Salary 010425	Hourly rate 010425	Revised rate inclusive of Real Living Wage supplement wef 010426		
				Value	Hourly rate	RLW supple ment
Grade 3	3	£24,796	£12.85	£25,949	£13.45	£0.60
Grade 4	4	£25,185	£13.05	£26,142	£13.55	£0.50
Grade 5	5	£25,583	£13.26	£26,335	£13.65	£0.36
Grade 6	6	£25,989	£13.47	£26,528	£13.75	£0.28
Grade 7	7	£26,403	£13.68	£26,721	£13.85	£0.17
	8	£26,824	£13.90			
	9	£27,254	£14.13			
	NOT IN USE					
	11	£28,142	£14.58			
Grade 8	12	£28,598	£14.82			
	NOT IN USE					
	14	£29,540	£15.31			
	15	£30,024	£15.56			
	NOT IN USE					
	17	£31,022	£16.08			
Grade 9	18	£31,537	£16.35			
	19	£32,061	£16.62			
	20	£32,597	£16.89			
	NOT IN USE					
	22	£33,699	£17.47			
Grade 10	23	£34,434	£17.84			
	24	£35,412	£18.36			
	25	£36,363	£18.84			
	26	£37,280	£19.32			
	27	£38,220	£19.81			
Grade 11	28	£39,152	£20.29			
	29	£39,862	£20.66			
	30	£40,777	£21.14			
Grade 12	31	£41,771	£21.65			
	32	£42,839	£22.21			
	33	£44,075	£22.85			
Grade 13	34	£45,091	£23.37			
	35	£46,142	£23.91			
	36	£47,181	£24.46			
Grade 14	37	£48,226	£25.00			
	38	£49,282	£25.54			
Grade 15	39	£50,269	£26.06			
	40	£51,356	£26.62			
Grade 16	41	£52,413	£27.16			
	42	£53,460	£27.71			
Grade 17	43	£54,495	£28.25			
	44	£55,602	£28.82			
SM1	45	£56,723	£29.40			
	46	£57,870	£30.00			
	47	£58,883	£30.52			
SM2	48	£59,981	£31.09			
	49	£61,082	£31.66			
	50	£63,246	£32.78			

** Traditionally we give an hourly uplift per SCP point of 10p between grades and 5p within grades as an interim measure to comply with the real living wage prior to the NJC annual pay award being implemented.*

*** Hourly rate calculated by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours*

Former Six Town Housing

No change needed to the STH pay scale as Grade 1 starts at SCP6

Appendix 2: Example 26-27 Pay Spine – G3-6

shows a 4.1% pay award for 26/27, with ongoing supplements to retain RLW commitments:

SCP Values wef 010426 to include RLW supplement. 2026-27 pay award at example of 4.1%

				Revised rate inclusive of Real Living Wage supplement wef 010426		
Grade	SCP	Annual Salary 010426	Hourly rate 010426	Value	Hourly rate	RLW supplement
Grade 3	3	£25,813	£13.38	£25,949	£13.45	£0.07
Grade 4	4	£26,218	£13.59			
Grade 5	5	£26,632	£13.80			
Grade 6	6	£27,055	£14.02			