



9th July 2025

Report of Councillor Ashley Baxter
Leader of Council and Cabinet Member
for Finance, HR and Economic
Development

Pay Award 2025/26

Report Author

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Purpose of Report

To explain the reasons for a recommendation to implement a pay award in line with the National Employers' for Local Government Services final offer effective from 1st April 2025.

Recommendations

The Committee is asked to:

1. Note the National Employers' for Local Government Services final pay award offer of 3.2% for the financial year 2025/26.
2. Note the current budget allocation for the pay award is only 2%.
3. Recommend to Council additional budgets to fund the proposed pay award of 3.2% from 1 April 2025:
 - £244k in order to fund the additional General Fund. This is to be funded from the Local Priorities Reserve.
 - £76k in order to fund the additional Housing Revenue Account (HRA). This is to be funded from the HRA Priorities Reserve.

Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? All Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 As part of the 2025-26 budget process a predicted pay award of 2% was budgeted for so, based on the current final offer of 3.2% there is a shortfall of 1.2%. This shortfall equates to a budgetary impact of £244k on the general fund and £76k on the HRA which will require additional funding from reserves.
- 1.2 There is also a £9k impact on the members' allowances budget but, based on predicted savings within this service it is expected the impact can be contained within existing budgets.

Completed by: David Scott – Assistant Director of Finance (Deputy s151 officer)

Legal and Governance

- 1.3 The proposed pay rise complies with the relevant legislation and regulations that govern the remuneration of local government employees including ensuring the bottom scale is above the predicted National Living Wage (NLW) rates ahead of a rise next April 2026. If the bottom grade falls below the 2026 NLW rate an instruction will be issued to employers to temporarily increase the bottom pay point(s) rate of pay to the NLW rate from 1 April for the period until the 2026 pay round is concluded.

Completed by: Alison Hall-Wright, Deputy Monitoring Officer

2. Background to the Report

- 2.1 The National Employers for Local Government Services (National Employers) are responsible for negotiating pay, terms and conditions of staff in many local authorities. They consult with councils and propose offers to relevant Trade Unions.
- 2.2 On 24 April 2025, the National Employers announced a full and final offer for Council employees (Appendix A).

- 2.3 The offer is to pay an increase of at least 3.2% across all National Joint Council pay spines and all payments above the maximum pay spine but graded below deputy chief officer. The National Joint Council are the negotiating body for local government staff terms and conditions of employment.
- 2.4 On 22 April 2025, the National Employers for local government services announced a full and final offer for Chief Officers of 3.2%.
- 2.5 On 16 June 2025 ALACE (Association of Local Authority Chief Executives and Senior Managers trade union), confirmed that the National Employers have also made an offer of a 3.2% pay increase for Chief Executives.
- 2.6 South Kesteven District Council is not part of the national consultation process and the Council's pay scales are not on the National Joint Council (NJC) scales. Instead, SKDC consults with local Trade Union Representatives and aligns to local agreements. However, in recent years, the pay award has mirrored the outcomes of national negotiations.
- 2.7 Aligning the national pay offer to the Council's own pay scales, the offer amounts to an increase of 3.2% on all pay points.
- 2.8 In recent years South Kesteven District Council has reflected the National Employers final pay offer. This enables the council to recognise the hard work and dedication of its employees. Delaying the final pay offer could negatively impact some colleagues financially because receiving a larger lump sum back payment could affect benefit entitlements and payments.

3. Key Considerations

- 3.1 The 2025-26 budget process predicted a pay award of 2%. Therefore an offer of 3.2% would leave a shortfall of 1.2%.
- 3.2 This shortfall would equate to a budgetary impact of £244k on the General Fund and £76k on the HRA.
- 3.3 There would also be a potential impact of £9k on the budget for Members allowances which currently increase in line with staff pay awards. However, it is anticipated that the impact would be contained within the existing budget.
- 3.4 The National Employers pay offer has not been accepted by the Trade Unions and it is therefore possible that it could change. If this were to happen, SKDC would need, once again, to review budgets and consult with Trade Union representatives.

4. Other Options Considered

- 4.1 Not implementing a pay award would have a significant impact on: staff morale; employee relations; staff retention; and relations with the Trade Unions.

5. Reasons for the Recommendations

- 5.1. The staff award is a recognition of the hard work and dedication of our employees.
- 5.2. It is proposed to back date the pay award to 1 April 2025. A delay in implementation could negatively impact some members of staff.

6. Consultation

- 6.1. The Trade Unions have been consulted and are in agreement with the proposed pay award.

7. Appendices

- 7.1. Appendix A – Letter from the National Employers