

REPORT TO CABINET

Open		Would any decisions proposed : Be entirely within Cabinet's powers to decide YES Need to be recommendations to Council YES Is it a Key Decision YES			
Any especially affected Wards	Discretionary /				
	Operational				
Lead Member: Leader E-mail: Cllr.Alistair.Beales@west-norfolk.gov.uk		Other Cabinet Members consulted: Cllr Simon Ring			
		Other Members consulted:			
Lead Officer: Paul Lowes Paul.lowes@west-norfolk.gov.uk		Other Officers consulted: Management Team Trade Unions			
Financial Implications YES	Policy/ Personnel Implications YES	Statutory Implications NO	Equal Impact Assessment YES If YES: Pre-screening	Risk Management Implications YES	Environmental Considerations NO

Date of meeting: 21st July 2025

COST OF LIVING PAY AWARD

Summary

The Council's annual pay increase (cost of living award) for employees has been locally determined since 1991. A review of the current approach to determining the award has resulted in a recommendation for change with effect from 1st April 2026. An agreed approach for the 2025 award has also been proposed as part of this review.

Recommendation

1. That with effect from 1st April 2026 the Council agrees to adopt the National Joint Council for Local Government Services annual cost of living pay award, as determined by the national pay bargaining process on an ongoing basis.
2. That the Council agrees that it's 2025 cost of living pay award should match the award agreed via the NJC national pay bargaining process.

Reason for Decision

To implement an annual cost of living pay increase for employees which is consistent with the outcomes of the national pay bargaining processes undertaken by the National Joint Council for local government.

1 Background

- 1.1 The Council's annual pay increase for all employees has been locally determined since 1991.
- 1.2 The process to determine the annual pay increase has involved researching and considering a range of data, including RPI and CPI figures, other public sector pay settlements, reviewing national living wage rates and increasingly tracking progress with the national pay bargaining process to develop proposals for discussion with the Leader and other relevant portfolio holders before consulting with trade unions on our proposals.
- 1.3 Locally determined pay increases over the past 5 years have been as follows:
- | | |
|---------|---|
| 2020/21 | 2.5% and a minimum wage of £9.25 per hour |
| 2021/22 | 2.5% and a minimum wage of £9.50 per hour |
| 2022/23 | £1925 or 4% and a minimum wage of £10.50 per hour |
| 2023/24 | £1925 or 5% and a minimum wage of £11.59 per hour |
| 2024/25 | £1290 for all staff earning less than or equal to the equivalent of the national spinal column point 43, or 2.5% for all employees earning over this point, and a minimum wage of £12.26 per hour |
- 1.4 The context for determining the cost of living pay award has become increasingly challenging in recent years, influenced by changes in inflation levels, wider public sector pay negotiations and delays with agreeing the national pay settlement for local government employees. As a result, over the past ten years the Council's locally determined pay award has been consistent with the national pay settlement.
- 1.5 The position of having a locally determined pay award, but in effect matching the national settlement, creates uncertainty for employees and additional work for all those involved in the local pay determining process.
- 1.6 Informal discussions over the past two to three years have indicated that an alternative way forward could be to agree to re-join the national pay bargaining process and adopt the national pay settlement on an ongoing basis. As it seems likely that the national pay negotiations for 2025 will again become protracted, the opportunity has been taken to formalise these discussions and undertake formal consultation with Unions on a proposal to move to adopting the national pay settlement.
- 1.7 As part of this work, it has also been agreed to bring forward a proposal to agree to apply the national pay settlement for 2025 as our locally determined cost of living award for the current year. This increase would be effective backdated to 1st April 2025 when agreed. A decision to adopt this approach will enable a speedier implication of the award when it is agreed (the alternative being to bring forward a proposal through the democratic process once the national award has been agreed, which will add delay to the implementation of this year's cost of living award).

2 Options Considered

- 2.1 Option 1 – no change – continue to develop proposals locally, taking into account relevant information including the national pay settlement.
- 2.2 Option 2 - agree to formally agree to adopt the pay settlement negotiated by the National Joint Council for local government services with effect from 1st April 2026. If option 2 is supported, it is also proposed to agree to adopt the national pay settlement for 2025 as our locally determined cost of living pay award for 2025.

3 Proposal

- 3.1 Based on our practice over recent years, it is proposed that the Council determines to match the national settlement for its annual cost of living pay award for 2025 and to formally agree to adopt the national settlement on an ongoing basis with effect from 1st April 2026.
- 3.2 Adopting the national pay settlement will bring clarity to the process followed for all involved and ensure that our employees are paid a cost of living award consistent with that determined by national pay negotiations for local government. Whilst it would remove the potential for the Council to award a different amount to the national settlement, in reality this option has not been exercised for some years and it could now be difficult to justify paying an alternative amount.
- 3.3 Adopting the national settlement also removes flexibility around timescales for determining the pay award, but again in recent years the Council has waited until the national settlement has been reached before bringing forward its own proposals, so in practice the option to exercise this flexibility has not been used.
- 3.4 A formal decision to adopt the national pay settlement going forward would also remove the need for proposals to be brought through the democratic process in future years as once agreed the national pay settlement would be automatically implemented for Council employees.
- 3.5 This approach is supported by our trade unions as set out in the feedback provided as part of our formal consultation process with them (see section 4).
- 3.6 It has been noted that the majority of other Norfolk authorities adopt the national pay settlement. This proposal would therefore re-align this element of our terms and conditions of employment with those of other authorities ahead of local government reorganisaiton.

4 Consultation and Trade Union Comments

Unison and GMB have been consulted regarding the proposals outlined in this report, their comments are as follows:

UNISON:

UNISON West Norfolk consulted members by email and at four face-to-face or hybrid meetings at King's Court and satellite offices. In addition, a survey was sent to members asking for opinions on the consultation on matching the NJC pay award and how they are coping financially.

A summary of the result of the survey is below:

Should the BCKLWN April 2025 local cost of living pay award match the NJC national settlement?

YES 97%

NO 3%

Would you be prepared to wait to see what is agreed for national cost of living pay award before pay is agreed at BCKLWN so that the employer can match the NJC settlement?

YES 90%

NO 10%

Do you want the employer to officially adopt the NJC cost of living pay award from April 2026 so that you can be involved in the national pay bargaining process?

YES 98%

NO 2%

Therefore, the majority of Unison members who engaged with the consultation support the proposed changes and agree that employees in West Norfolk should have the cost of living pay award determined in line with the NJC process.

The majority supported the proposals:

- To match the 2025 NJC national settlement via our local process in 2025
- To re-join the national pay bargaining process and adopt the NJC cost of living award with effect from 1st April 2026

GMB:

No response to the consultation was received

7 Financial Implications

- 7.1 The Council's Medium Term Financial Strategy as agreed at Council in February 2025 includes budget provision to meet the costs of a pay award up

to the equivalent of a 2.5% increase across all pay grades. A contingency budget of £350k was also set aside to provide for the option of a flat rate offer for the lower grades which fall above 2.5%. This is in line with the structure of recent pay awards.

- 7.2 The proposed pay offer for 2025/26 of 3.2% is currently being consulted on with trade unions. Whilst this is above the 2.5% built into budget, it can be met within the total budget including the contingency amount. It is currently estimated that circa £250k budget will be remaining. This allows some provision should the final pay offer settlement be higher than 3.2%. Any additional funds needed will need to be identified from the general fund reserves and built into the budget going forward. Should the settlement be within budget then any underspend can be paid back to the general fund reserves to support the council's budget position going forward.
- 7.3 The above financial implications also take into account the transfer of Alive West Norfolk staff into the council from 1 April 2025.
- 7.5 The budget provision for future years pay award will be considered as part of the budget setting process each year in the lead up to setting the Medium Term Financial Strategy.

8 Statutory Considerations

There are no statutory considerations, other than the requirement to pay the National Living Wage.

9 Equality Impact Assessment (EIA)

An Equality Impact Assessment pre-screening form has been completed and is attached to this report.

10 Risk Management Implications

- 10.1 As set out in Section 7 above, the recommendations can be met from within current budget provision.
- 10.2 The recommendation ensures that employees will receive an annual cost of living award that has been negotiated nationally, rather than one which has been determined locally and so removes the risk of being out of kilter with other local authorities.

11 Declarations of Interest / Dispensations Granted

None.

12 Background Papers

None.