

To: Council
Date: 23 March 2026
Report of: Head of People
Title of Report: Pay Policy Statement 2026/27

Summary and recommendations	
Purpose of report:	To approve the Annual Pay Policy Statement
Key decision:	No
Cabinet Member with responsibility:	Councillor Nigel Chapman, Cabinet Member for Citizen Focused Services and Council Companies
Corporate Priority:	All
Policy Framework:	Council Strategy 2024-28
Recommendation(s): That Council resolves to:	
<p>1. Approve the Annual Pay Policy Statement 2026/27 as set out in Appendix 1 to this report</p> <p>Agree the proposed pay agreement for April 2026 and April 2027 reached with Unison and Unite as set out in paragraph 3.</p>	

Appendices	
Appendix 1	Annual Pay Policy Statement 2026/27
Appendix 2	Risk Register

Introduction and background

1. The Council is required by legislation to approve and publish a Pay Policy Statement annually.

Overview

2. The Annual Pay Policy Statement in Appendix 1 reflects the Council's current agreements and arrangements with regard to pay.
3. The Council has agreed a new 2-year local pay agreement with Unison and Unite, effective from 1st April 2026. This includes a cost-of-living pay award of 3.5% or £1,500 (whichever is greater) on 1 April 2026, and a further 3% from 1 April 2027.
4. A new Pay Policy introduced on 1 August 2025 provides pay progression to the highest scale point within the grade after successful completion of the six-month probation or review period (the review period applies to existing employees who have moved into a higher-graded role or whose role has been re-evaluated at a higher grade). The policy was implemented on 1 April 2025 in line with a timetable agreed with the unions and so some employees had backdated increments. The Annual Pay Policy Statement (Appendix 1) reflects these arrangements and confirms that home working allowances are no longer payable as this benefit has been removed following consultation with the unions and affected staff. The new Pay Policy also provides clearer guidance on the application of honoraria and acting-up allowances.
5. Following a full review of pay, grading, and pay progression, a new Market Allowance Policy and Procedure was introduced in May 2025. Market Allowances apply to specific roles to support recruitment and retention of critical skills that are in high demand. A formal, organisation-wide review of market conditions will take place bi-annually, with the first review starting in late 2026 and concluding by 31 March 2027. The review will be led by the People Team. In accordance with the Market Allowance Policy and Procedure, decisions on the introduction, increase, decrease, or removal of Market Allowance payments will be approved by the Head of People and the Corporate Leadership Team.
6. The Living Wage Foundation announced increases to the voluntary London and National Living Wage in October 2025. The Oxford Living Wage, set at 95% of the London Living Wage, will rise to £14.06 per hour from 1 April 2026. From the same date, the lowest Council employee pay rate (excluding apprentices) will be £14.06 per hour. Apprentices start below the Oxford Living Wage in line with statutory minimum rates but progress to £14.06 per hour in year two, post-qualification, if aged 21 or over.

Financial implications

7. The financial implications of this Pay Policy Statement and the implications of the proposed pay agreement have been included within the Council's Medium Term Financial Strategy. The estimated cost is approximately £5.5 million including national insurance and superannuation over the 2-year agreement period.
8. The Council's contract rules require that all contracts include the requirement on the contractor and its supply chain to pay their employees at least the Oxford Living Wage. The Oxford Living Wage is incorporated into the Council's contracts for temporary agency workers, and the requirement to pay the Oxford Living Wage as a minimum also covers its Leisure Services partner and both Oxford Direct Services Ltd and Oxford City Housing Limited, the latter being Council-owned companies.

Legal issues

9. The Council has a legal obligation to produce and publish a pay policy statement annually. In accordance with the Localism Act 2011, the Council is required to approve its Annual Pay Policy Statement by 31 March each year and to publish its Annual Pay Policy Statement as soon as reasonably practicable after it has been approved. A failure to approve and publish a Pay Policy Statement by the required date would leave the Council at risk of challenge by way of judicial review.

Level of risk

10. A risk register can be found in Appendix 2.

Equalities impact

11. All changes to pay arrangements are and will continue to be subject to consultation, appropriate approvals, and equality impact assessments.

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Background Papers: None

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