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25 July 2022

Dear Chris,

Final Pay Offer – General Grades, B5-8's and Controllers

Further to our discussions which took place last week and our meeting today to update you on the clarifications that we have made in terms of the offer, I am pleased to set out below those clarifications and the revisions we made to the appendices last week.

By Thursday last week, there was an understanding reached regarding the national principles for Maintenance modernisation and the offer within the Operations bargaining group which I am pleased to set out in the revised appendices. You recognise that some material moves were made to enable greater acceptance and ease of implementation and resolve the maintenance aspects of the dispute. While that was encouraging, we both know that there are still several issues on which we continue to disagree, and we need to reach an in-principle agreement or an acceptance that we progress to implementation, by 12:00, Wednesday 27 July 2022.

Following our discussions about when maintenance implementation would happen, the offer made on Tuesday 12th July, we would also like to provide further clarification as follows: -

- We intended that the full value of 4% will be paid in January of year 2 and confirm that this will be the case.
- Pay range scales to be lifted in both year 1 and year 2 in line by 4%.

- The £250 payment to employees who currently earn less than £24,000 pa in base pay for FY21 financial year, is to be backdated 01 January 2021 and as such will be applied before any percentage increase in pay is awarded.
- In respect of privileged staff travel the scheme will be provided in line with the TOC non-safeguarded travel rules and whilst there is no guarantee of on-going continuation of the scheme, it is our intention to continue this benefit year on year to our employees.

All other elements of the offer remain as per the main body of the letter of 12 July 2022, restated again in appendix E.

However, while we believe there were some signs of progress last week, we must recognise that we have been talking about these issues for some time now and we cannot continue doing so without limit. As such, if talks conclude without agreement, then we must regrettably conclude that the process is exhausted in relation to maintenance modernisation. We would regard the Avoidance of Dispute level 2 concluded and the machinery exhausted. In those circumstances we would be unable to continue with the “No Compulsory Redundancy” arrangement. We should note we would not see any benefit in involving ACAS given the investment already made in trying to resolve the dispute. I hope for a favourable response that would allow our discussions to continue.

I look forward to receiving your response to the offer by 12:00, Wednesday 27 July 2022.

Yours sincerely,



Lisa Belsham
Head of Industrial Relations

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- Appendix A Milestones: Operations
- Appendix B Schedule of Productivity items: Operations
- Appendix C Milestones: Maintenance

Appendix D Maintenance and Works Delivery Changes
 Appendix E Main body of the offer letter of 12 July 2022

APPENDIX A – MILESTONES OPERATIONS

Date by	Milestone Description of Minimum Achievement Required
Milestone 1 By end 2022	<p>Operations specific</p> <ol style="list-style-type: none"> 1. MOMs support for incidents on adjoining areas 2. Demonstration of Competence evidence acquisition 3. Adoption of traffic management where implemented 4. Internal mobility 5. Revised notice periods 6. Probationary periods <p>The criteria for meeting each milestone will be defined and agreed</p> <p>Milestones are to be confirmed via a Post Implementation Review (PIR) with the relevant national council representatives</p>
Milestone 2 By end 2023	<p>Operations specific</p> <ol style="list-style-type: none"> 1. Review of Managed Stations operating model and contract with revised T&Cs 2. Introduction of employer justified retirement age aligned to state pension age

APPENDIX B: SCHEDULE OF PRODUCTIVITY ITEMS - OPERATIONS

Description of Achievement Required by the end of 2022	
MOMs and Supervisors	
Job Security	1. No compulsory redundancy for the duration of the pay deal
Recruitment and training	<ol style="list-style-type: none"> 1. The re-introduction of a 6-month probationary period for new starter contracts. All roles that require training to be given a second opportunity to complete training if not successful first time around, if this second opportunity extends beyond the 6 month probationary period that probationary period will be extended in line. 2. Fixed term contracts will not be used to cover signalling/supervisory grades 3. Revised notice periods: <ul style="list-style-type: none"> ○ 4 months' notice from the employee to the company ○ 4 months' notice from the company to the employee after 5 years' service 4. New hires to be hired into a general geographical area. There will be no demotion because of this. 5. Ability to hire comparable roles without readvertising. Where a post has been advertised and filled, should a similar post (same grade, same location) become available within 18 weeks of the original post being advertised. 6. Ability to hire SSM's and MOMs posts from candidate pools. Where there is a sufficient quality pipeline of candidates in an appropriate location, we hire directly from this list without advertising, within 18 weeks of advertising as in the above point. 7. Reintroduction of the 52-week rule for new entrants (and for those that have joined within the last 12 months), so that the individual cannot move to a new post within the year of their appointment (consideration will be given to exceptional circumstances). 8. For existing employees, the introduction of a 26-week rule so that the individual cannot move to a new post within 26 weeks of their appointment,

	(consideration will be given to exceptional circumstances).
	9. Employees to be released within 6 months of appointment into a role unless mutually agreed.
Flexibility	<ol style="list-style-type: none"> 1. Introduction of employer justified retirement age aligned to state pension age. The details of this will be phased in and over what period, etc will be discussed with the trade union. 2. Internal mobility – affording displaced employees from other disciplines the opportunity to appreciate signalling roles so that they can consider applying for these. 3. Mobile Operations Managers will respond to support incidents on adjoining areas, where competent to do so and in line with the MOM role-based manual.
Competence Management	<ol style="list-style-type: none"> 1. Competence evidence acquisition & demonstration in Railsmart EDS – evidence based linked to progression and promotion 2. A proactive approach to managing own competence by providing evidence and incorporate this competence evidence into the recruitment process.
Signalling technology	<ol style="list-style-type: none"> 1. The mandated adoption of traffic management, but with the agreement that only a signalling competent person will have with the authority to change the path of live trains within a defined window of time.
Electrical Control Operators (ECO)	
	<ol style="list-style-type: none"> 1. No compulsory redundancy for the duration of the pay deal. 2. Revised notice periods: <ul style="list-style-type: none"> ○ 4 months’ notice from the employee to the company ○ 4 months’ notice from the company to the employee after 5 years’ service 3. The reintroduction of a 6-month probationary periods into new starter contracts. - All roles that require training to be given a second opportunity to complete training if not successful first time around, if this second opportunity extends beyond the 6 month probationary period that probationary period will be extended in line. 4. Introduction of employer justified retirement age aligned to state pension age: <ol style="list-style-type: none"> a. The details of how the retirement age will be phased in and over what period will be subject to discussions with the trade union

b. Commitment that the unions will not challenge the principle

5. The mandated adoption of technology that is fit for purpose.

Controller grades

1. No compulsory redundancy for the duration of the pay deal.
2. Revised notice periods:
 - 4 months' notice from the employee to the company
 - 4 months' notice from the company to the employee after 5 years' service
3. The reintroduction of a 6-month probationary periods into new starter contracts. - All roles that require training to be given a second opportunity to complete training if not successful first time around, if this second opportunity extends beyond the 6 month probationary period that probationary period will be extended in line.
4. Introduction of employer justified retirement age aligned to state pension age:
 - a. The details of how the retirement age will be phased in and over what period will be subject to discussions with the trade union
 - b. Commitment that the unions will not challenge the principle
5. Competence evidence acquisition & demonstration – evidence based linked to progression and promotion:
 - a. A proactive approach to managing their own competence by providing evidence and incorporate this competence evidence into the recruitment process.
6. The mandated adoption of traffic management, but with the agreement that only a signalling competent person will have with the authority to change the path of live trains within a defined window of time.

Managed Stations

1. No compulsory redundancy for the duration of the pay deal
2. Engagement with managed stations intervention on Southern Region & Anglia Route
3. New and improved Managed Stations contract
4. New operating model design

Bands 5 to 8

1. Agreement of National Principles for bands 5 to 8 (the people process) agreed and

communicated

APPENDIX C: MAINTENANCE MILESTONES

Date by	Milestone Description of Minimum Achievement Required
Non-financial Milestone 1 By end 2022	Maintenance specific <ol style="list-style-type: none"> 1. Details of how the voluntary severance scheme will operate are agreed, the scheme has opened to applications and applications have been received by the company; and 2. Local sizing consultation at all Maintenance Delivery Units complete 3. New National process, including dispute resolution, for agreeing local rosters agreed at NMC, agreed and communicated 4. Work with the National Maintenance Council representatives to introduce a new core work and technology agreement 5. IMC 25 contract of employment for new appointments in use from date of agreement to the pay offer 6. Recruitment process for Roster Clerks underway at all DUs 7. Agreement on standard contract opt-in process and timeframes agreed and communicated
Non-financial Milestone 2 End of July 2023	<p>The details of and when the Employer Justified Retirement will be introduced is agreed and communicated (in line with state retirement age)</p> Maintenance specific <ol style="list-style-type: none"> 1. Maintenance Operative/Technician/Team Leader/Working Supervisor workforce re-sizing achieved 2. All DUs have implemented all aspects of cooperative working 3. All DUs have implemented all aspects of deployment principles 4. All DUs fully introduced Roster Clerks 5. New Rostering system and electronic timesheets implementation underway with agreed final implementation date 6. Mandatory overlapping skills in effect at all DUs
Key financial Milestone 3	Maintenance specific

By end 2023	1. Maintenance Operative/Technician/Team Leader/Working Supervisor workforce re-sizing complete
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APPENDIX D: MAINTENANCE & WORKS DELIVERY CHANGES

Job Security	<ol style="list-style-type: none"> 1. No compulsory redundancies until 2024, when the workforce reforms are fully implemented, for Operatives, Technicians, Team Leaders and Working Supervisors (OHL & D&P) within Maintenance and Works Delivery. 2. Offer a voluntary severance, for Maintenance and Works Delivery, including Operatives, Technicians, Team Leaders, Working Supervisors, Supervisors, Section Managers and Control Centre Technicians, to be open until 2024, when the workforce reforms are fully implemented. This will avoid the need for compulsory redundancy. 3. As required, we shall undertake formal consultation with our trade unions regarding proposals on collective redundancy, in accordance with s188 of the 1992 Trade Union and Labour Relations (Consolidation) Act. 4. National principles for bands 5 to 8 (<i>the people process</i>) agreed and communicated.
Cooperative working	<ol style="list-style-type: none"> 1. Colleagues would continue to work in Engineering disciplines, reporting to their Section Manager. The engineering disciplines are S&T, Track, Off Track, Rail Testing & Lubrication, Welding & Grinding, OHL, Power & Distribution, Conductor Rail Engineering and Telecoms. There are no proposals to change the Engineering disciplines. 2. Local management would continue to determine the hours of cover required. 3. Team Size by Task would set out the staffing requirements to undertake individual tasks based on engineering and safety standards. 4. Team sizing would continue to be undertaken at local level, for Maintenance and response. 5. A Section Manager's team would comprise of the following roles as a minimum: Team Leader, Technician and Operative (where managers currently have operatives now). 6. Colleagues would be rostered individually or together as a team and be able to work and travel cooperatively together, regardless of Engineering discipline. 7. Colleagues would support each other including assisting across engineering disciplines with non-technical tasks, utilising core and specialist competencies and overlapping skills, the roster pattern of individual (team leaders, technicians and operatives) may differ to one and other. 8. Colleagues may be deployed across Route and Regional boundaries where

	required but would remain within their engineering discipline.
Overlapping skills	<ol style="list-style-type: none"> 1. Overlapping skills will be mandatory. 2. A sub-committee of the National Maintenance Council will review the competence matrix, including the maximum number of overlapping skills, on a 6 monthly basis.
Deployment Principles	<ol style="list-style-type: none"> 1. We reaffirm the existing commitment of colleagues to be rostered up to 39 weeks of nights, 39 weekends and 65 weekend shifts, (except for those colleagues who started in role before 31 March 2014. These colleagues would continue with their existing arrangements). 2. For those colleagues not currently working this commitment, we undertake that they will not be required to do so until 1st January 2024. 3. Colleagues who undertake 36 weeks of nights or more and 60 weekend shifts or more will receive a further 0.10 % on top of their existing premium rate for those additional shifts in that calendar year. 4. Rosters would typically be for 8 – 13 weeks, depending on local needs and be compliant with the fatigue standard. 5. Preliminary rosters would be posted at least 6 weeks before the start of the roster. 6. Suitable rosters are subject to negotiation with local representatives. Should there be disagreement over a proposed roster, the local representatives must identify a cost-effective alternative, that meets the workload. Whether or not an agreement is reached, if rosters are compliant, they would be posted no later than 4 weeks before the start of the roster cycle. 7. If formally negotiated and agreed at local level, local arrangements for cover of non-standard shifts e.g., permanent nights, would continue to be allowed. 8. Roster Clerks would be introduced to assist Section Managers with the roster process. 9. Apprentices would be deployed to carry out work, in line with competence and development needs, up to 50 % of their time, under appropriate supervision. 10. Apprentices, as now, would not count towards establishment headcount numbers.
Employer Justified	<ol style="list-style-type: none"> 1. Introduction of employer justified retirement age to match state pension

Retirement Age	age for Operatives, Technicians, Team Leaders, Supervisors and Section Managers. The details of how this will be phased in and over what period, etc. will be discussed with the trade union.
Standard contract of employment	<ol style="list-style-type: none"> 1. All new employees would be employed only on the GTRM/Carillion IMC025 contract, and it would be known as the Maintenance & Works Delivery contract. 2. Colleagues would be offered the opportunity to opt-in to the standardised contract on <u>a voluntary basis</u>. If colleagues chose to opt in, a Pension Restructuring Premium would be applied. The process and timelines of opting-in would be agreed with the National Maintenance Council Representatives. 3. Colleagues who gained promotion and weren't already employed on the standard Maintenance & Works Delivery contract, would have the choice between taking promotion on the relevant standard contract or the relevant IMC contract. 4. Once a colleague had moved to the standardised contract, they couldn't subsequently move to an IMC contract.
Technology & Core Work Agreement	<ol style="list-style-type: none"> 1. We would work with the National Maintenance Council Representatives to introduce a Core Work & Technology Agreement. 2. Core Maintenance work is defined as the inspection, faulting response and maintenance of railway assets for the day-to-day running of the railway. 3. The company wants to maximize the use of its own employees and minimise the requirement for labour only contract staff. These reformed working practices allows the company to do so, for example in possession management and isolations, and help avoid the need to use contract labour for routine delivery of core work. Where local arrangements do not allow for the efficient delivery of local commitments, sub-contractors maybe used to supplement resource levels as required by workload, including specialist skills requirements and access issues. 4. Where technology is introduced for Maintenance tasks, colleagues would be upskilled to make use of that technology so that colleagues were able to use it. 5. Colleague's personal data would be protected and only used for the purposes that it was intended for i.e., as now, we would comply with General Data Protection Regulations (and any subsequent relevant legislation). 6. The company would enter meaningful consultation where new technology

might lead to a reduction in the hours of Maintenance work.



APPENDIX E: MAIN BODY OF THE OFFER LETTER OF 12 JULY 2022

12 July 2022

Dear Chris,

Final Pay Offer – General Grades and B5-8's and Controllers as amended following meeting on 18 July 2022

The coronavirus pandemic has caused a financial crisis for rail. The Rail Industry Recovery Group was set up to ensure successful transition of the industry. The pay offer is made in the context of a transition framework which ensures that key milestones to support recovery are achieved.

Talks have taken place at the National Maintenance and National Operations Councils, and within the mutually agreed Joint Council for pay. The productivity items discussed by the National Councils, including the delivery milestones, are detailed in the enclosed appendices, and enable the following two-year pay offer to be made.

This offer is subject to acceptance and is conditional on written confirmation that (1) the current industrial dispute is resolved and no further industrial action in respect of the current dispute will take place (2) the productivity items detailed in Appendix B & D are implemented, and (3) the key milestones set out in Appendix A (operations) and C (maintenance) are achieved.

Pay 2022

- 4% increase to the annual base rates of pay effective from 1 January 2022. Back pay for annual base pay, shift and overtime, will be paid on the first possible pay day

Pay 2023

- 2% increase to base rates of pay; effective from 1 January 2023; and
- A further 2% paid as a cash lump sum on 1 January 2023, which will be consolidated in January 2024, on condition of the delivery of milestones

Privileged Staff Travel

- Colleagues are offered discretionary privileged leisure travel which provides a 75% discount on all leisure travel and includes family members. (This is the same discretionary travel benefit afforded to non-safeguarded Train Operating Company (TOC) employees for leisure travel.)
- It is anticipated that the administration of the scheme will be set up from January 2023 at the latest. Work will start on setting this up once the pay deal is agreed.
- Scheme booklet is available

Season ticket subsidy

- The season ticket subsidy cap of £2,750 will be removed and the discount of 75% will remain for unlimited cost of the relevant season ticket

Colleagues on Role Clarity contracts:

- The usual practice of using performance ratings to distribute pay increases will not be applied for 2022 or 2023 and salaries will be reviewed in line with the milestones stated below.
- We will revise the top of the salary bands by the percentage increases offered.
- For colleagues who have reached the maximum of the revised salary band, salary increases will be made as a one-off, non-consolidated payments.

Colleagues paid £24,000 or below

- £250 payment to employees who currently earn less than £24,000 pa in base pay for FY21 financial year, this will be backdated to 01 January 2021, this will include apprentices.
- Any employee that earns above £24,000 but earns below the new uplift of a £250 payment to £24,250 will be levelled up to the same benefit. For example, an employee on £24,150 will have their salary increased to £24,250

On-going Milestone review process

The review of progress and tracking achievement against the milestones will be undertaken by National Maintenance and Operations Council at regular intervals through 2022 and 2023. The Chair of each National Council shall be responsible for ensuring that the annual base rates of pay for the collective bargaining unit are increased in line with the terms of this offer.

I look forward to receiving your acceptance of this offer.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Shoveller', written in a cursive style.

Tim Shoveller
Regional Managing Director, North West and Central
Encls

~END