# TSSA 2022 CLAIM FOR IMPROVEMENTS TO PAY, CONDITIONS AND A NO COMPULSORY REDUNDANCY AGREEMENT

www.tssa.org.uk

**Transport Salaried Staffs' Association**

**Claim for Improvements to Pay, Conditions of Service and for a No Compulsory Redundancy Agreement for staff covered by the collective bargaining agreements with the Transport Salaried Staffs' Association (TSSA) and Xeiad**

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## INTRODUCTION

This document sets out TSSA's formal claim for improvements to rates of pay and various other conditions of service and for a No Compulsory Redundancy Agreement for staff covered by the collective bargaining agreements with the Transport Salaried Staffs' Association (TSSA) employed by yourselves in respect of the forthcoming negotiations.

With effect from the 2022 pay anniversary date TSSA is seeking a substantial increase in the basic rates of pay and other allowances that will lead to a material improvement in the standard of living of our members, including addressing any problems of low pay within the organisation.

Pay is one of two main elements of the claim, the other being a No Compulsory Redundancy Agreement for 2022 and beyond.

We are also asking for the company to meet TSSA members' aspirations in the following areas:

- Fair Pay: a comprehensive analysis of pay systems, grading structures and the operation of recruitment and selection
- A reduction in the working week to a maximum of 35 hours in a 5-day week
- Increase the basic annual leave entitlement to a minimum of thirty days
- A review of flexible working and family friendly policies, with a view to improving maternity, paternity, adoption, shared parental and family leave arrangements and making access to flexible working open to all

### Economic outlook

According to the Office of Budget Responsibility (OBR), reporting just after the Chancellor's Budget in October 2021,

> "The economy is now expected to grow by 6.5 per cent in 2021 (2.4 percentage points faster than we predicted in March), and unemployment to rise only modestly to 5¼ per cent this winter (1¼ percentage points lower than March), which helps the budget deficit to almost halve to £183 billion in 2021-22 (£51 billion lower than March)."

However, the OBR point to a number of issues that contribute to their prediction that growth will be held back whilst CPI inflation will rise to 4.4% in 2022, reaching a peak of 5% in that year before then falling back to 2% in 2024. The main reason for this prediction is that of increasing utility prices because of the Ofgem energy price cap having increased by 12 per cent in October. The OBR assume the sharp

rise on wholesale gas prices already evident in their underlying figures will result in a further increase in the price cap in 2022.

Later in their Economic and Fiscal Outlook,[1] the OBR report on their predictions for RPI inflation:

> "RPI inflation has also risen rapidly in recent months due to higher house price inflation (which affects the RPI but not the CPI) adding to the effects of higher CPI inflation. RPI inflation rose from 0.9 per cent in November 2020 to 4.9 per cent in September 2021, boosted relative to CPI by the housing depreciation component of RPI. We expect RPI inflation to rise slightly further in the coming months, hitting 5.4 per cent in January 2022 – a key month for interest payments on index-linked gilts. Over the next three years, larger rises in council tax announced in the Budget will also add modestly to RPI inflation."

Seemingly not included in this outlook is that of the National Insurance (NI) and tax increases that the Chancellor announced pre-Budget and which will impact on members' take home pay. Included in this element is that of the Health and Social Care Levy that will be preceded by an increase of 1.25% for all those paying Class 1, 1A, 1B and 4 NI (Class 1 is paid by employees earning more than £184 a week[2]). Payable from FY 2022/3, it will be replaced by the Levy at the same rate from 2023[3] whilst NI will drop back to current levels. The net effect will be that members will be seeing more money deducted from their salary.

In addition to the OBR's inflation predictions presented at the start of this claim is that of the latest (January 2022) HM Treasury forecast. These predict that in 2022 RPI inflation would be at an average of 5.4% throughout the year although the highest predictions put it as high as 6.8%.[4]

**Railway workers during Covid**

TSSA believes that our members/your employees have faced a very difficult period with the Covid-19 pandemic with many classed as "key workers," keeping the country running, whilst others have been able to work from home where they have continued to support front line colleagues.

The dedication of all railway workers should be recognised, especially as the Pandemic is still present and causing tens of thousands of daily cases alongside increased hospital admissions and (at the time of writing) an average of 165 deaths each day.

[1] See: OBR's "Economic and Fiscal Outlook, October 2021" available to download at: https://obr.uk/

[2] See: https://www.gov.uk/national-insurance/national-insurance-classes

[3] See: https://www.gov.uk/government/publications/health-and-social-care-levy/health-and-social-care-levy

[4] See: "Forecasts for the UK economy: a comparison of independent forecasts January 2022" available at: https://www.gov.uk/government/collections/data-forecasts

TSSA is, therefore, looking to the company to respond to our claim positively in a manner that will help improve our members' standards of living and their quality of life. In doing so, we consider that the company will benefit also by a more highly motivated and productive workforce who feel properly rewarded and valued, especially at an uncertain time.

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## 1) CLAIM FOR A SUBSTANTIAL INCREASE IN THE BASIC RATES OF PAY AND OTHER ALLOWANCES THAT WILL LEAD TO A MATERIAL IMPROVEMENT IN THE STANDARD OF LIVING OF OUR MEMBERS

We are looking for an increase that takes account of the annual increase in the Retail Prices Index (RPI), and the increase in average earnings, company performance and other settlements in the industry. Any offer or increase below the level of the RPI, TSSA regards as a real terms pay cut because it will reduce the purchasing power of our members' pay.

### (a) RPI Inflation

**RPI Inflation (from 2019)**

The table below illustrates the movement of the levels of the RPI since the beginning of 2018.

| 2020 | RPI | 2021 | RPI | 2022 | RPI | Publication date |
|---|---|---|---|---|---|---|
| January | 2.7% | January | 1.4% | January | 7.8% | 16 February |
| February | 2.5% | February | 1.4% | February | | 23 March |
| March | 2.6% | March | 1.5% | March | | 13 April |
| April | 1.5% | April | 2.9% | April | | 18 May |
| May | 1.0% | May | 3.3% | May | | 22 June |
| June | 1.1% | June | 3.9% | June | | 20 July |
| July | 1.6% | July | 3.8% | July | | 17 August |
| August | 0.5% | August | 4.8% | August | | 14 September |
| September | 1.1% | September | 4.9% | September | | 19 October |
| October | 1.3% | October | 6.0% | October | | 16 November |
| November | 0.9% | November | 7.1% | November | | 14 December |
| December | 1.2% | December | 7.5% | December | | 18 January 2023 |

### (b) RPI predictions & increases in Mortgage Interest Rates

Inflation

In addition to the OBR's inflation predictions presented at the start of this claim is that of the latest (January 2022) HM Treasury forecast. These predict that in 2022 RPI inflation would be at an average of 5.4% throughout the year although the highest predictions put it as high as 6.8%.[5]

[5] See: "Forecasts for the UK economy: a comparison of independent forecasts January 2022" available at: https://www.gov.uk/government/collections/data-forecasts

The Bank of England's Monetary Policy Committee in its September meeting[6] reported that:

> "The projected contribution of energy prices from October 2021 reflected a base effect as well as Ofgem's most recent announced increases in the standard variable tariff caps on retail gas and electricity prices. Spot and forward wholesale gas prices had risen materially since the publication of the August Report, against a backdrop of strong demand and some supply disruption. This could represent a significant upside risk to the MPC's inflation projection from April 2022, when Ofgem next updated its retail energy price caps based on the relevant forward contracts, and meant that CPI inflation would remain slightly above 4% into 2022 Q2, all else equal."

At its December meeting[7], the MPC commented that:

> "Twelve-month CPI inflation rose from 3.1% in September to 5.1% in November, triggering the exchange of open letters between the Governor and the Chancellor of the Exchequer that is being published alongside this monetary policy announcement. Relative to the November Report projection, there has been significant upside news in core goods and, to a lesser extent, services price inflation. Bank staff expect inflation to remain around 5% through the majority of the winter period, and to peak at around 6% in April 2022, with that further increase accounted for predominantly by the lagged impact on utility bills of developments in wholesale gas prices. Indicators of cost and price pressures have remained at historically elevated levels recently, and contacts of the Bank's Agents expect further price increases next year driven in large part by pay and energy costs. CPI inflation is still expected to fall back in the second half of next year."

### The Mortgage Interest Rate

The interest rate set by the Bank of England's Monetary Policy Committee and which underpins lending and saving was raised from 0.1% (confirmed at the September 2021 meeting of the MPC) to 0.25% at the December meeting. However, predictions by the OBR suggest that with inflation reaching 5.4%, the Bank Rate is likely to increase to 3.5%[8] at the same time with the implications for increased mortgage payments and on other household borrowing.

## (c) Impact of the property market

[6] See: Paragraph 37, Page 7 of "Bank of England Minutes of the Monetary Policy Committee meeting ending on 22 September 2021" at https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-summary-and-minutes/2021/september-2021.pdf

[7] See Monetary Policy Summary at: https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2021/december-2021

[8] See: OBR's "Economic and Fiscal Outlook, October 2021" available to download at: https://obr.uk/

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The latest UK Government's House Price Index (HPI) was published in January 2022 for the period up to November 2021.[9] It showed that:

The average price of a property across the UK stood at £270,708 which represented an annual increase of 10%. In England, house prices increased by 9.8%.

However, these figures mask the experience in the different parts of the nation. For instance, in:

- London the average house price had risen by 5.1% to £519,934;
- The South East, house prices were £369,093, a 9.6% increase on the previous year;
- South West England, the increase amounted to 12.9% with an average price of £308,497;
- The East Midlands a 10.7% rise meant house prices stood at £229,277;
- England's North West region, the average house price was £197,797 with a rise of 10.8%.
- East of England house prices increased by 12.3% to £336,937.

In Scotland, the average house price increased by 11.4% in the year to November 2021, meaning that the average cost of a home a stood at £182,755.

In Wales, the cost of an average property was £199,877 which represented an annual increase of 12.1%.

## Increase in property rents

In the latest figures[10] available, the cost of renting a home in the UK as a whole increased by 8.3% to an average of £1,060 a month in the year to December 2021.

1. However, this average masks regional differences. For instance:
   - New tenancies in London were set at £1,752 a month (representing an increase of 12.6% on the year before);
   - Excluding London, the average UK rent price is 6.6% higher than last year, up to £893 per calendar month
   - The average rental value for new tenancies in the South West is £983 a month, a 6.4% rise when compared to 2020;
   - Whilst in Yorkshire and Humberside rents had increased by 8.1% to £737 a month and in the West Midlands to £786, a 6.9% rise.

2. Rents in Wales in December 2021 stood at an average of £736 a month, a 8.4% annual increase;

[9] See: https://www.gov.uk/government/statistics/uk-house-price-index-for-november-2021/uk-house-price-index-summary-november-2021

[10] Home to Let Index at: https://homelet.co.uk/homelet-rental-index/

3. Rents in Scotland in the twelve months to December 2021 averaged of £734 a month, representing a lift of 7.4% on the year before.

## (d) Increase in people renting

In the UK Government's latest "Family Resource Survey"[11] publication, homeownership via a mortgage stood has continued its steady decline begun in 2008/9. The report says it now stands at 29% households compared with 34% in 2009/10. What is very clear is that more people either rent (36% of all households) or own their home outright (36%, the largest age group being made up of people over 65). The survey also reports :

> "For younger age groups, the decade between 2009 to 2010 and 2019 to 2020 has seen a shift away from home ownership with a mortgage, and towards private sector renting. Households headed by those aged 35-44 years have seen the largest increase of any age group, with 26% renting private accommodation in 2019 to 2020, versus 17% a decade ago. For households headed by an under 25 year-old, the figures were 69% in 2019 to 2020 versus 63% in 2009 to 2010; and a similar increase in private renting has occurred among those aged 25-34 years (increasing from 36% to 42% over the decade)."

The English Housing Survey for 2019/20[12], released by the UK Government's Department for Communities and Local Government, concurs with many of these findings but also reports that there has been an increase in the proportion of people aged 55 to 64 living in the rented sector with a corresponding decrease for the same age group as owner occupiers.

## (e) Pay settlements

The latest figures from the Labour Research Department's Payline database of collective agreements show a median (midpoint) increase of 4.8% in the three months October to December 2021.

## (f) Growth in earnings: real improvements to members' standards of living and well-being

In addition to the usual inflationary pressures on the buying power of our members' salaries amidst, for many, the imposition of a pay freeze, we remain concerned that developments outside the workplace have also had an impact on members' incomes and their standards of living and those who depend upon them:

[11] DWP's Family Resources Survey 2019/20, published 25th March 2021 and available at: https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2019-to-2020/family-resources-survey-financial-year-2019-to-2020

[12] DCLG's English Housing Survey 2018/19: Headline Report, published 17th December 2020 (updated 13th October 2021) and available at: https://www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-headline-report

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1. Welfare reforms: Bearing in mind the fact that in-work welfare benefits are paid to large numbers of workers in the UK, we remain particularly concerned about the additional financial pressure brought to bear as a direct result of government policy since 2010.

   Over £billions has been cut from the Government's welfare budgets with the highly respected Institute of Fiscal Studies (IFS) concluding[13] that there has been "significant losses for those of working age in the bottom half of the income distribution. That is not surprising as a result of various cuts to working age benefits having taken effect."

   More recently, a modest reversal in policy in time for the 2019 General Election saw a 1.7% increase applied to all benefits, including Universal Credit and Housing Benefit. However, the Resolution Foundation wasn't duped by this about face, explaining[14] that it doesn't account for the cut of 6% to the real level of those benefits, a reduction that has come on the top of earlier cuts.

   More recently, the removal of the £20 (weekly) uplift to Universal Credit was finally announced in September 2021. What is not always known is that 64% of all those families in receipt of Universal Credit actually has someone in work. The withdrawal of the benefit from October 2021, worth £1040 annual, affects 3.5 million families.[15]

   It is not known to what extent employees and their families claim or are entitled to various (in-work) welfare benefits, however, many are likely to be amongst those affected by government cuts. What this means is that the total income received by many workers has dropped on top of the fact that pay increases are failing to keep pace with inflation.

2. Stress and worry: Outwith possible further cuts in the future, we instinctively feel the stress and worry caused by this is likely to manifest itself in the workplace and could affect staff and company performance especially if this results in staff becoming ill at a time of rising debt.[16]

   It would be remiss at this point not to mention the stress and worry experienced by many workers because of the Coronavirus pandemic. Fears of falling victim to the virus or being the one who transmits it unknowingly

[13] See: "Are we all in this together?": https://www.ifs.org.uk/publications/8210

[14] Resolution Foundation: "The benefit freeze has ended, but erosion of the social security safety net continues", 16th October 2019 at: https://www.resolutionfoundation.org/publications/the-benefit-freeze-has-ended-but-erosion-of-the-social-security-safety-net-continues/

[15] See: Joseph Rowntree Foundation "Universal credit - the impact of cutting the £20-a-weekat: https://www.jrf.org.uk/universal-credit-cut-impact-constituency

[16] PWC, "UK's unsecured debt mountain reaches £300bn or £11,000 per household exceeding pre-crisis peak by 30%" at: https://www.pwc.co.uk/press-room/press-releases/uk_s-unsecured-debt-mountain-reaches-p300bn-or-p11-000-per-house.html

See also House of Commons Library "Household debt as a percentage of disposable income" at: https://researchbriefings.files.parliament.uk/documents/SN02885/SN02885.pdf

to family members, friends and colleagues have been expressed by many people.

More recently, the fear of thousands of rail jobs being lost has come to the fore because the level of revenue from rail passenger journeys has failed to meet targets associated with the Covid recovery. Demands from HM Treasury to make massive savings has seen the opening (and closing) of the Special Voluntary Severance Scheme and the fear amongst members that when numbers don't meet targets, compulsory redundancies will follow.

3. Debt: Across the UK families are still really struggling to make their money go far enough - and are often having to go into debt - as they continue to experience a squeeze on their household incomes. As a result, many people are being forced to use their credit cards or their dwindling savings if they need to purchase anything beyond the most every day of items. Levels of household debt are reported by PWC to be in £11,000 per household, 30% higher than the pre Pandemic peak.[17]

   Research by the House of Commons Library shows that in the third quarter of 2021 the level of individual insolvencies in England and Wales had increased by 32.5% from a year before whilst those in Scotland were up 8% on 2020.[18]

4. Lost pay: This matter continues to be the subject of regular investigation and widespread reporting that would appear to support TSSA's concerns.

   In research published by the TUC it is shown that "real wages have only returned to pre-crisis levels when calculated using the most favourable measure of inflation – the CPIH. If calculated using the CPI measure [favoured by the Government and Bank of England], real weekly wages are still £11 lower than their pre-crisis peak."[19]

   But apart from these discrepancies, workers have endured twelve years of lost pay and are now officially assessed as merely having returned to average pay levels at the beginning of that period. The lost pay between April 2008 and June 2020 can only mean that real pay growth was completely flat. The TUC put this in the following context:[20]

   - In the 8 years and 4 months leading up to the April 2008 peak real wages grew by 17 per cent;

   - In the equivalent 8 years and 4-month period following the recession,

[17] See PWC article quoted in Note 16.
[18] See article quoted in Note 16
[19] TUC – "Working people won't be celebrating more than a decade of lost wages", published 18th February 2020 at: https://www.tuc.org.uk/blogs/working-people-wont-be-celebrating-more-decade-lost-wages
[20] See previous footnote.

real wages fell by 3 per cent.

- If they had grown by that pre-recession 17 per cent, they would have been £95 per week higher than they were.

- And if real weekly wages had kept growing at the same rate as they were before in the year before the crisis hit, they would now be £590 (£116 higher than they actually are).

The subject of lost pay has been one that various authorities have commented upon over the last few years.

For instance, the Bank of England's Chief Economist, Andy Haldane, warned about a lost decade in a speech on 30 June 2016[21] in which he particularly drew attention to how household disposable income per head has essentially flat-lined since 2009. He said, "Even as GDP has recovered, household incomes have essentially stagnated… Half of all UK households have seen no material recovery in their real disposable incomes since around 2005. Or, put more evocatively and provocatively, the majority of UK households have faced a "lost decade" of income." This is a claim that he has repeated in other forums, including on BBC's Newsnight programme on 29th June 2017 leading him to conclude that "People in the UK feel "frustrated and squeezed" because their pay has flatlined for a decade."

In an article that appeared in the Financial Times in November 2017,[22] projections by the Resolution Foundation were reported and which led the organisation to conclude that "Real average earnings in Britain will not return to their 2008 peak until 2025, and households face the longest sustained fall in living standards for at least 60 years."
TSSA wants to see the issue of the decade of lost pay addressed for its staff, especially as for most employees it comes on the back of cuts to in work benefits and a pay freeze since the last increases in 2019.

[21] http://www.bankofengland.co.uk/publications/Documents/speeches/2016/speech916.pdf
[22] https://www.ft.com/content/7a4dd686-d03f-11e7-b781-794ce08b24dc

## 2) CLAIM FOR A NO COMPULSORY REDUNDANCY AGREEMENT

Across the rail industry TSSA members are facing the potential for large scale job losses as a result of the Government's demand for cuts in its support for rail. Until the end of December 2021, a no compulsory redundancy agreement was in place for Network Rail and the main TOCs. We want to see that agreement continue and be extended across the entire industry during this time of job losses.

TSSA would rather come to an agreement with employers to avoid compulsory redundancies including around re-deployment and re-training schemes.

We want to make it clear that on top of pay issues, the union views the issue of no compulsory redundancies as a core demand.

In the event of a failure to reach an agreement, TSSA will remain committed to protect its members' future employment and will do what it needs to do to achieve that end, including through balloting our members for industrial action in the event that compulsory redundancies are introduced.

## 3) FAIR PAY, EQUAL PAY: CLAIM FOR COMPREHENSIVE ANALYSIS OF PAY SYSTEMS, GRADING STRUCTURES AND THE OPERATION OF RECRUITMENT AND SELECTION

TSSA remains disappointed and concerned about the lack of progress on working towards achieving one of our major goals – that of fair pay and equal pay.

In order to develop an equal pay structure TSSA has developed an Industry Bargaining Standard and is asking the company to work in partnership with the Union to examine its existing pay practices and structures before agreeing to implement a series of practical mechanisms to overcome the issue where it exists.

Much of the comment and coverage of the pay gap between men and women still tends to concentrate on the 'glass ceiling' that affects women at the most senior level. Important as this is, it is an issue that affects women at all levels.

### (a) Scale of the issue in the UK

The Office of National Statistics' article "Gender pay gap in the UK: 2021" was published at the end of October 2021 and has provisionally reported that "the gender pay gap among full-time employees stands at 7.9%" but that "[t]here remains a large difference in gender pay gap between employees aged 40 years and over and those aged below 40 years."[23]

| Age | Gap |
|---|---|
| 18-21 | 1% |
| 22-29 | 0.9% |
| 30-39 | 3% |
| 40-49 | 12.3% |
| 50-59 | 12.3% |
| Over 60 | 11.9% |

The gender pay gap for part time employees in 2021 is -2.7%.

The overall gender pay gap which includes both full (over 30 hours a week) and part-time (less than or equal to 30 hours) employees is estimated at 15.4%.

In the private sector, the median gender pay gap for all employees is 19.6%. In the public sector the median pay gap is 18%.

NOTES on the ONS report:

[23] See: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2021

- The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings;
- The gender pay gap is higher for all employees than it is for full-time employees or part-time employees. This is because women fill more part-time jobs, which in comparison with full-time jobs have lower hourly median pay;
- The information contained is based on the ONS' Annual Survey of Hours and Earnings (ASHE) which samples from all employee jobs in all sizes of company. The ASHE gender pay gap analysis is different from the gender pay gap based on compulsory reporting that began in 2017 (for organisations employing 250 or more employees). The 2017 initiative requires qualifying employers to publish and report specific figures about their gender pay gap across all their employees, not differentiated by full-time and part-time status. No findings from the individual company reports are included in the ONS report.

**(b) Gender Pay Gap Reporting**

The Equality Act 2010 (Gender Pay Gap Information) Regulations for private and voluntary-sector employers came into force in April 2017. This means that from April 2018 employers with 250 or more employees are required to publish (on a company website that is accessible to employees and the public) the:

1. average gender pay gap as a mean average
2. average gender pay gap as a median average
3. average bonus gender pay gap as a mean average
4. average bonus gender pay gap as a median average
5. proportion of males receiving a bonus payment and proportion of females receiving a bonus payment
6. proportion of males and females when divided into four groups ordered from lowest to highest pay.

Similar regulations have been introduced for the public sector (Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017).

We acknowledge that Gender Pay Gap Reporting is not the same thing as Equal Pay or Pay Discrimination but this is clearly a step into exposing how employers can treat workers differently on the grounds of their gender.

**The results of the first round of gender pay gap reporting**

Research published by the House of Commons Library[24] in November 2020 revealed the overall results of Gender Pay Gap reporting for the year 2019-20. This was the third round of reporting but because of the Pandemic only 5,916 employers made a report (10,840 in 2018-19). Across all employers who reported, the gender pay gap averaged:

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[24] Section2.3, House of Commons Library Research Paper No 7068, 23rd November 2020 "The Gender Pay Gap" downloadable from: https://researchbriefings.files.parliament.uk/documents/SN07068/SN07068.pdf

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- 81% of employers reported that median hourly pay was higher for men than for women,
- 12% favoured female employees
- 7% of median pay was equal

Across all employers who reported, the gender pay gap averaged 12.8% based on median hourly pay.

*TSSA strongly supports mandatory reporting and proper, full pay audits (noting the change in legislation that became operative from 1st October 2014 that makes pay audits compulsory after a company losses an equal pay claim under the terms of the Equality Act 2010 (Equal Pay Audits) Regulations 2014).*

### (c) TSSA initiative in Network Rail

TSSA would also like to draw attention to the real progress we have made in Network Rail (NR) following the Union's initiative and which has led to the introduction of a revised pay system (known as Transparent Pay) for managerial grades where TSSA has sole recognition. NR initially refused to recognise the issue despite having a significant number of equal pay claims lodged against it but this changed after a concerted campaign that led the company to enter into meaningful discussions and the introduction of a revised pay system. Included in the initial discussions was agreement for:

- A company equality forum to discuss issues
- Equality reps across the affected grades
- A commitment to develop an equality proof pay system for managerial grades with TSSA involvement – and to consider how this can be done within two years
- A commitment to take central HR control of the matter
- A pay system based on job evaluation

All of the above have contributed to a proposal that was implemented and has now being jointly reviewed in the light of experience.

### (d) Adopting a constructive approach: jointly addressing the issue

A core part of our claim is to address the issue of equal pay across the company, including for managerial grades.

We are, therefore, urging you to consider adopting a similar constructive approach that TSSA has agreed with NR. As mentioned earlier in this submission, TSSA has developed an **Industry Standard on Fair Pay, Equal Pay** that incorporates a series of stages and practical mechanisms that enable an employer to move to an effective equal pay system. We look for a commitment to addressing equal pay, and would like to meet to discuss the matter further. This will avoid the need for a more confrontational approach that could ultimately prove more resource intensive and costly to the company – not to mention the potential reputational

damage or a judicial order to conduct a pay audit, with consequent fines for non-compliance.

The first stage of TSSA's Bargaining Standard asks for:

- Engagement with TSSA on issues regarding pay and grading systems
- Gender Pay Gap Reporting information shared with TSSA
- Commitment to carry out a transparent pay and benefits audit
- Recognition of problems within their pay and grading system
- Agreement to work with TSSA on solutions

## 4) CLAIM FOR A REDUCTION IN THE WORKING WEEK TO A MAXIMUM OF 35 HOURS IN A 5-DAY WEEK

TSSA's objective is for a reduction in the working week to a maximum of 35 hours in a 5-day working week. In order to achieve this the Association is willing to participate in a Joint Working Party to discuss real working time reductions linked to higher investment, improved training and skills and new patterns of work.

## 5) CLAIM TO INCREASE THE BASIC ANNUAL LEAVE ENTITLEMENT TO 30 DAYS

TSSA policy is to strengthen the convention that bank and public holidays are in addition to the basic holiday entitlement and to seek to increase the basic entitlement towards 30 days. Furthermore, TSSA considers that service related leave is discriminatory on the grounds of age and we are, therefore, calling for an end to this practice with holiday entitlement being levelled up.

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## 6) CLAIM FOR A REVIEW OF FLEXIBLE WORKING AND FAMILY FRIENDLY POLICIES, WITH A VIEW TO IMPROVING MATERNITY, PATERNITY, ADOPTION, SHARED PARENTAL AND FAMILY LEAVE ARRANGEMENTS IN LINE WITH BEST PRACTICE AND MAKING ACCESS TO FLEXIBLE WORKING OPEN TO ALL

In the “Women in Rail: Industry Survey”[25] published in December 2015 it was shown that there are 85,723 staff in the railway workforce of whom only 14,024 are women. Women make up just 16.36% of total rail staff when, in the economy as a whole, 47% of all workers are women. Within Network Rail, the ORR and the DfT, the proportion of women is even lower at 13% with 83% of them employed in junior roles and only 16% in middle management posts. More women work in the TOCs (20%) but 66% of them are in service roles and only 4% in engineering. Figures for other railway companies are similar – or lower.

More recent research published in March 2019[26] by the Williams Rail Review Team found that of 240,000 people working in the rail industry (the figures includes supply chain[27]), only 13.4% are women. It also found that a majority of the workforce (male and female), including in TOCs and Network Rail are in the 31 to 50 age group.

The need for greater diversity, especially in terms of more women being encouraged to pursue a career in the railway industry, was acknowledged by the government in March 2012 when it published its Command Paper “Reforming our Railways: Putting the Customer First.”

TSSA welcomed the government’s interest in working with the unions to explore the reasons for this gender imbalance and to consider how it might break down barriers to a more diverse workforce. The Command Paper also said it is important to give staff the option for more flexible and part time working that would help attract more women workers to the industry.

The issue of equalities and greater diversity have been recognised, at least in part, by the launch of the Rail Sector Skills Delivery Plan, announced by the government in December 2016, and produced by the National Skills Academy Rail (NSAR) working with the Rail Supply Group and the RDG. As part of a wider plan to attract 100,000 people into the industry over ten years because of an ageing workforce, new technologies and a lack of diversity, the government has set the rail industry a target of 20,000 new apprentices by 2020. 20% of engineering and technical apprenticeships in this time frame must be given to women and by 2030 there must

[25] See: http://womeninrail.org/wp-content/uploads/2014/04/WR-Industry-Survey-Report-December-2015.pdf
[26] Williams Rail Review: “The rail sector in numbers” at Page 24: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787082/rail-sector-in-numbers.pdf
[27] Network Rail, “A better railway for a better Britain: Strategic Business Plan 2019-2024” at Page 5: https://www.networkrail.co.uk/wp-content/uploads/2018/02/Strategic-business-plan-high-level-summary.pdf

be parity between the genders. The Plan also calls for the recruitment and retention of staff by clearer career paths and an individual map of roles to be established.

The Skills Delivery Plan doesn't address the issues in this part of TSSA's claim but it does reinforce the prospect of more women (and younger people) being attracted into rail which logically leads to employers needing to review existing flexible working and family friendly policies as well as addressing our demands in relation to equal pay presented earlier in this submission. We consider that employers can start to work at achieving a more diverse and flexible workforce in line with Government policy as they attract more women to want to come and share their talents and skills.

### (a) Advantages of improvements in family friendly policies

Over recent years there have been a number of welcome improvements in the area of family friendly working rights emanating from government legislation. These need to be built on and used to full effect. TSSA considers modern, flexible, family friendly working practices have advantages for both employees and employers. These advantages are numerous including:

- keeping skills and experience (return on investment)
- boosting morale by giving people more choice and control over their hours
- keeping a successful team intact
- having staff you know and can trust to delegate to
- saving time and money recruiting and developing a replacement
- aligning work time with individual peak-productivity time
- keeping people on-board once they start a family or take on other caring responsibilities
- increasing diversity to reflect customer/client base
- strengthening the business by having a mixture of talent and leadership styles
- flexibility to cover a wider span of hours to meet 24/7 demand
- lowering stress and/or the impact of personal issues on productivity
- reductions in travel expenses, office space costs and impact on the environment
- improving employee wellbeing as a result of a good balance between work and home life. This can positively impact on absenteeism rates, discretionary effort, loyalty, motivation and morale.

### (b) Improvements to family friendly rights: Shared Parental Leave and Pay

Statutory arrangements were introduced from 5th April 2015 entitling parents to Shared Parental Leave (SPL) for up to a maximum of 52 weeks from the birth of the baby on the basis that the mother/partner agrees to curtail her maternity leave.

In addition to SPL, Shared Parental Pay (SPP) has been introduced (currently paid at £151.97 a week or 90% of the employee's average weekly earnings (whichever is lower) from April 2021.

To qualify for SPL, the mother or adopter has to curtail their entitlement to maternity/adoption pay or maternity allowance (total entitlement is for 39 weeks) before they have used their full entitlement.

In both of these cases, both partners have to fulfil an earnings and employment test.

Yet, even before its introduction, a report ("No More Baby Steps/ A Strategy for Revolutionising Childcare") published by the Institute for Public Policy Research in June 2014 quoted "the government's own projections estimate that only 2–8 per cent of eligible fathers are likely to take some 'shared parental leave' when it becomes available, which seriously undermines its objective of ensuring that fathers have the opportunity to spend time with their baby and family." In addition, the issue of the rate of statutory pay could undermine take-up, along with the problems caused by "the gender pay gap where many families will make financial decisions that will contribute to the reproduction of existing gender norms of work and care."

**(c) Take up of Shared Parental leave**

In fact, these fears have been confirmed on a number of occasions[28] and most recently in research[29] by Maternity Action which suggests that take up is only around 3-5% when, at its inception, it was sold by the Government as potentially being taken up by 25% of couples.

In earlier research, conducted by XpertHR, published by Personnel Today in June 2016,[30] it was found that there is a correlation between take up levels of shared parental leave and whether the employer has enhanced parental pay above the minimum statutory amount.

The survey of 397 employers (with a combined workforce of 827,083 employees) showed that whilst 72% of respondents thought they had staff eligible to make requests for shared parental leave, only one third of workers had done so. The article in Personnel Today highlighted how "employers believe that affordability is a key reason for the low uptake of shared parental leave" and went on to report that:

> "Employers that enhance shared parental pay are twice as likely to receive a shared parental leave request as those who offer only the statutory rate. The proportion of employers with eligible employees making shared parental leave requests rises from one-third across the whole sample to more than half [55.9%]

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[28] For example, in December 2016 CIPD research which indicated that "just 5 per cent of new fathers and 8 per cent of new mothers have taken up shared parental leave (SPL) since it was introduced in April 2015," blaming the low take up on the practical financial difficulties caused by the deterrent effect of the inadequate level of statutory Shared Parental Pay: http://www2.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2016/12/15/only-5-per-cent-of-fathers-opt-for-shared-parental-leave.aspx

[29] See: https://maternityaction.org.uk/2021/02/honey-i-shrunk-the-shared-parental-leave-take-up-figures/

[30] See: http://www.personneltoday.com/hr/shared-parental-leave-take-up-2016/

of those offering enhanced shared parental pay. But it falls to only a quarter [25.7%] of employers that do not enhance shared parental pay."

The survey also found that where an employer did not offer enhanced shared parental leave, staff took paid annual leave rather than statutory shared parental leave which was pitched too low to present a viable option.

Personnel Today noted that a key objective of shared parental leave was to "encourage more fathers to play a greater caring role in the first year, via longer, more flexible shared leave." Three-fifths of surveyed employers believe that the new right has been unsuccessful in achieving this objective.

### (d) Issues with introducing new rights: ingrained attitudes

In advance of the introduction of legislation of Shared Parental Leave in 2015, the Institute of Leadership & Management (ILM) found that a lack of support from employers was blamed for the low take up of paternity leave.

The survey, reported in March 2014 indicated that a quarter of new fathers took no paternity leave at all whilst fewer than one in 10 took more than their two weeks statutory leave. Respondents blamed "ingrained" attitudes among employers that amounted to a "cultural expectation" that women rather than men were the ones taking extended periods away from the workplace. Some new fathers also expressed concerns that they could not afford to take leave. But the ILM said its research suggested the changes would have little impact if attitudes of employers were not addressed as well.

By all accounts, this situation has not changed because in December 2020 CIPD published[31] the result of a survey which found that "73% of working fathers felt there was a stigma attached to them taking extended paternity leave, with nearly all respondents (95%) agreeing that workplace culture needed to be transformed to normalise men taking time off."

Further research[32] by law firm EMW has highlighted the issue of stigma attached to fathers seeking extended paternity leave through Shared Parental Leave arrangements but has also highlighted the factor of the drop in pay as a deterrent.

### (e) TUC proposal

The TUC has proposed an extension of paternity leave and pay from two to six weeks, paid at 90% of the father or partner's average earnings. TSSA considers that such an improvement would massively improve the take-up and is urging the company to improve its paternity arrangements along these lines.

[31] See CIPD's People Management article: https://www.peoplemanagement.co.uk/news/articles/three-quarters-men-feel-stigmatised-taking-extended-paternity-leave

[32] See: CIPD's People Management article (23rd August 2021): https://www.peoplemanagement.co.uk/news/articles/uptake-of-paternity-leave-drops-to-ten-year-low#gref

Female economic participation remains at high levels. Many progressive employers are increasingly recognising the importance of family friendly policies in retaining the key skills of these workers. Such efforts are resulting in high return to work rates after maternity leave and can boost an organisation's standing as an employer of choice.

### (f) TSSA's claim

In particular we are calling for:

**(1) Maternity, Paternity and Shared Parental Pay to become contractual and paid at full basic pay.**

Maternity: Some railway companies already pay a large proportion of the 39 weeks of Maternity Leave at full basic pay and we wish to see this standardised as a minimum across the industry.

Paternity: Similarly, statutory Paternity Leave that fathers/partners receive should be extended to up to six weeks and all paid at full basic pay.

Shared Parental Leave: With the advent of the Shared Parental Leave and Pay arrangements our claim is also that when the mother curtails her leave before the end of 37 weeks (a mother must take a minimum of two weeks maternity leave following the birth), the father/partner should receive pay at full basic salary for the remaining period as a way to encourage take up of the system and to avoid accusations of discrimination against men.

**(2) Overall improvement in parental leave arrangements:** We are also requesting a parental leave agreement which:

- applies to all parents, including adoptive and same sex partners, regardless of length of service or type of employment;
- applies to all parents who have children under school age;
- will be paid, at least in part;
- will be flexible enough to allow agreement between staff and managers over the way that leave can be taken to meet the needs of the employee.

**(3) Overall improvement in adoption leave arrangements:** We are seeking a move towards the development of contractual adoption arrangements that run parallel with contractual maternity arrangements

**(4) Improvements in childcare provision:** help with childcare is something of a complexity and includes:

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- 30 hours a week free childcare for 3 and 4 year olds during school term time;[33]
- help with childcare costs for children under 12 via a tax free childcare scheme[34] which enables up to £500 per child to claimed every three months;[35]
- differences[36] on what is offered in each of the nations of the UK (the above is what is available in England). More information is available at: https://www.gov.uk/help-with-childcare-costs ) for 30 hours of tax

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We are therefore seeking assistance from the company for those employees who have childcare needs by supporting workplace childcare provision and/or where this is not feasible, by providing childcare vouchers (noting that the government has closed the childcare voucher scheme for new joiners from 4th October 2018).[37]

Finding good quality, dependable and affordable childcare can prove critical in determining how working parents, and in particular working mothers, balance family life with employment or, indeed, whether they continue to work at all.

By offering some type of childcare assistance, employers demonstrate to staff that they recognise the often considerable financial commitment made by working parents. Moreover, by doing so, they can improve staff retention and benefit from an enhanced image as an employer of choice. By easing some of the strain – be it financial or practical – of finding suitable childcare, employers are likely to have more engaged and less absence-prone staff.

**Soaring cost of childcare**

TSSA remains extremely concerned about the soaring cost of childcare. Reports continue to indicate that the pressure is still on. Above we mentioned in some detail the impact of the government's economic policy on the standards of living of millions of in-work people. One area where this is particularly relevant is those workers who have to access paid childcare facilities for their children – and despite the schemes funded by the Government which may not pay for all of the costs

[33] See: https://www.gov.uk/30-hours-free-childcare
[34] See: https://www.gov.uk/tax-free-childcare and https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know https://www.gov.uk/30-hours-free-childcare
[35] See: https://www.gov.uk/tax-free-childcare
[36] See: https://www.gov.uk/30-hours-free-childcare
[37] See: https://www.gov.uk/help-with-childcare-costs/childcare-vouchers

Reports indicate that the situation, if anything, has got worse as these costs continue to outstrip increases in pay and earnings whilst government underfunding of the Tax Free Childcare Scheme is undermining the promise. leading to nursery closures,[38] something exasperated by the Covid crisis. In its Childcare Survey 2020,[39] Coram Family and Childcare has revealed a number of findings related to childcare. In this submission we consider the additional costs with the following tables summarises some of the report's findings:

| **For children either under two or two years of age** | | |
|---|---|---|
| Average across Britain | Price (per week) | Increase since 2019 |
| 25 hours a week nursery for child under two | £131.61 (£6800 per annum) | 5% |
| 25 hours a week nursery for child age two | £126.74 (£6540 per annum) | 4% |

| **Working parents of three and four year olds in England and Wales can now get 30 hours of free childcare a week. If they need 20 extra hours to take this up to 50 hours a week, the average price in a nursery will be:** | |
|---|---|
| England | £99.66 |
| Wales | £86.25 |

| **Weekly price of an after school club or childminder for children age 5-11** | | |
|---|---|---|
| | After school club | Childminder |
| Great Britain | £60.99 | £73.33 |
| England | £61.54 | £74.04 |
| Wales | £61.16 | £70.02 |
| Scotland | £62.35 | £67.30 |

Childcare support can prove particularly attractive to women considering returning to work following maternity leave, concerned about the expense and

[38] See: https://www.eyalliance.org.uk/30-hour-childcare-scheme-leading-parent-fee-increases-and-growing-provider-closure-fears-one-year See also: https://www.moneysavingexpert.com/family/childcare-costs/#30hours

[39] Available to download from: https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Coram%20Childcare%20Survey%202020_240220.pdf

paucity of good-quality childcare. Offering childcare assistance – perhaps as part of a broader package of family-friendly policies – can be a key differentiator in the quest to attract and retain highly-skilled staff.

A growing number of organisations offer some sort of childcare assistance. This support can take a variety of forms including:

- running a workplace nursery
- buying or reserving places in an external nursery
- providing out-of-school care (holiday play schemes and after school clubs)
- offering childcare allowances
- offering a childcare advisory and referral service
- accommodating flexible working patterns

The above options need not be mutually exclusive. Used together they can offer employees the flexibility to find a solution that best suits their own particular childcare needs.

**e) Joint discussions on the possible extension of home, hybrid and flexible working within the organisation:**

TSSA is seeking a Joint Working Party to discuss the possible extension of home, hybrid and flexible working within the organisation. Even before the Covid 19 Pandemic when so many employees were required to work from home, employers had to take account of the right to request and the duty to 'reasonably' consider placed on them by the Work & Families Act. Home during the Covid working TSSA is calling for discussions with employers with a view to allowing all employees to have access to flexible working arrangements, including part time working, flexitime, working from home and compressed hours.

**<u>Flexible Working Research</u>**

TSSA remains firmly of the view that home, hybrid and flexible working is good for the business as well as for workers and their families. For example:

- <u>Pandemic: lessons about home working.</u> Working from home became the new norm for many employees during the Pandemic. This enforced state gave the opportunity for employers to re-evaluate their attitudes to insisting staff work from an office. Research[40] by the Chartered Institute of Personnel and Development (CIPD) published in April 2021, revealed that 33% of employers had experienced an increase in productivity whilst another 38% had seen no change, a combined figure of 71%.4,

  Recognising the productivity gains, alongside an increasing desire from workers to have more flexibility about where and when they work - as well as no doubt the advantages of being able to cut building lease and other costs – has meant some employers have either already or are actively considering regularising homeworking in some form, including

[40] See: https://www.cipd.co.uk/about/media/press/010421homeworking-increased-productivity#gref

through hybrid ways of combining some days in each week working from home and others in the office or depot.

- TSSA action on homeworking: By far and away, the largest railway employer in Britain is Network Rail. In July 2020, the Union ran its "Remote Respect" survey that received over 3,000 responses and which showed that whilst issues of anxiety, internet connection and communication with colleagues were highlighted:
  - 95% of respondents wanted flexibility in their future working environment;
  - 70% wanted a combination of working in the office and from home (ie, off site);
  - 55% found it easy to work effectively from home;
  - 50% thought they could work from home indefinitely.

- Employee perspective. In earlier research under the title of "Employee Views on Working Life,"[41] published by the CIPD in April 2016, it was reported that from the employee perspective, flexible working contributed to heightened job satisfaction, helped relieve pressure at work, reduced the time and expense of commuting and also significantly enhanced individual's work-life balance. On the last of these, for instance, 65% of workers able to work flexibly were satisfied or very satisfied with their work-life balance but this dropped to only 47% of those unable to work flexibly.

- Sickness absence. The RSSB[42] recently estimated that the cost to the rail industry of direct and indirect sickness absence is £356m per annum, a situation that is likely to get worse with an ageing workforce and changes in its composition that will increase the costs of employee management. On top of this, the rising costs of chronic disease and ill-health are expected to alter current arrangements for health management.

  In a survey conducted by the CIPD and Simplyhealth, and published in April 2021 as part of its Health and Wellbeing Report,[43] it was found that:
  - 88% of employers participating in the survey said that the top three causes of short term absence remains minor illness (for example colds/flu, stomach upsets, headaches and migraines)
  - 50% of respondents reported that mental ill health (including clinical depression and anxiety) remain the most common cause of long-term absence;

[41] See: https://www.cipd.co.uk/Images/employee-outlook-focus-on-commuting-and-flexible-working_tcm18-10886.pdf

[42] RSSB, "Making the Case for Health and Wellbeing", 10th May 2019 at: https://www.rssb.co.uk/Insights-and-News/Industry-Topics/Health-and-Wellbeing/Making-the-Case-for-Health-and-Wellbeing

[43] Available to download from: https://www.cipd.co.uk/Images/health-wellbeing-work-report-2021_tcm18-93541.pdf

  - 48% of companies placed musculoskeletal injuries as the second highest reason of short and long term absence.
  - 48% of replies gave stress as the second highest reason for long term absence. Stress came in third (33%) for short term absence after Covid (39%);
  - 81% of organisations that identified stress at work are taking steps to reduce it. Amongst the measures being taken are flexible working options/improved work-life balance, employed by 74% of firms;
  - The top two causes of stress at work are heavy workloads and management style (reported by 59% and 32%, respectively, by survey participants).
  - Presenteeism' and 'leaveism' remain widespread, and with increased job insecurity for many people, there's a danger these issues will increase if not addressed:
    - The overwhelming majority of respondents (84%) have observed 'presenteeism', both in the workplace (75%) and while working at home (77%), over the past 12 months.
    - Seven in ten (70%) have observed some form of 'leaveism', such as working outside contracted hours or using holiday entitlement to work, over the past 12 months.

- Mental health. Mental health has become one of the three most significant workplace health concerns in the railway industry and features heavily in the Office of Rail and Road's current industry wide Health and Wellbeing Programme that calls for improved stress management. Associated with this is the question of presenteeism, often the result of work place pressure, which in 2019 the RSSB estimated as costing the railway industry £534M per annum.[44]

[44] See: https://www.rssb.co.uk/Insights-and-News/Industry-Topics/Health-and-Wellbeing/Making-the-Case-for-Health-and-Wellbeing

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## CONCLUSION

Despite the upset caused to the UK and world economies by the Coronavirus pandemic, not to mention the decision by the UK Government to adopt a Pay Freeze for employees in Network Rail and the DfT TOCs, TSSA believes that its members should receive a substantial pay increase.

Factors that we would point to, additional to the sterling work carried out by railway workers during the Covid crisis, are the economic impacts on our members' salaries at a time of increased inflation which is predicted to last well into 2022 and beyond. Not only is inflation having an effect now and in the future, for many TSSA members the absence of a pay increase in 2020 means that they have seen the value of their salaries and standard of living diminish over the last year.

We believe that the company has a responsibility to protect and improve matters for its employees. This is especially so at a time of the uncertainty caused by expectations of wide scale job losses which is why our second core demand is for a no compulsory redundancy agreement. That demand is also made in the expectation of increased contributions for reduced benefits from the Railways Pension Scheme.

TSSA is, therefore, looking for the company to respond constructively in a positive manner to the various claims set out in this submission.

We consider that by addressing the standard of living, employment security and quality of life issues covered in this document, TSSA believes this will have a beneficial impact on the company's performance by creating a more highly motivated and productive workforce that at the same time is more representative of present day Britain's diverse society.

We remain of the view that the workforce is the company's most important asset and contend that the improvements being sought are both reasonable, proportionate and a requirement for a progressive, forward-looking organisation that is fit for purpose.