

Our ref: PC/HR/04/22

TSSA
Matt Barrow

Sent by email only to: barrowm@tssa.org.uk

Clarendon Court
Manners Avenue
Ilkeston
Derbyshire
DE7 8EF

15 May 2022

Dear Matt,

Re: XEIAD TSSA Pay Claim 2022

I write in response to your email dated 3 March 2022, containing the TSSA Pay Claim for 2022/23 for XEIAD staff under the (AMEY) Collective Bargaining agreement. The claim had asked for:

1. Main items:

- Increase in basic pay and allowances by RPI
- No compulsory redundancy agreement

2. Aspirational items:

- Fair Pay – Equal Pay
- Reduction in working hours to 35 hours a week, 5 days a week
- Increase Annual Leave to 30 days a year
- Review of maternity, paternity, adoption, shared parental leave, family leave arrangements

Following receipt of your letter, the claim was considered in depth together with steps XEIAD had already taken to address staff income and the potential impact on the company's bottom line.

We met on 29 April 2022 to discuss the Pay Claim and the company's response. The formal response to the trade unions is noted in full below.

XEIAD are committed to fair pay for our staff and recognise the commitment and effort that they made to support clients and the business during the pandemic in 2020/2021. Whilst this does not relate to the Collectively Bargained group, XEIAD went to significant lengths to safeguard jobs and protect staff income, going beyond minimum requirements to show our commitment to staff, for instance we paid full salaries for those on furlough and made good on the salary reduction we had to implement at the beginning of the pandemic to protect jobs.

We can see that for the Rail Sector, financial pressures will continue. The UK Government has withdrawn the support provided to companies during the pandemic and the fall out costs from Covid and other world crises are rising, bringing uncertainty in terms of income for employers everywhere which is also impacting on rising fuel and living costs thus making inflation the main focus for people. We do appreciate the aspiration of your members to maintain their lifestyle and this will be true for everyone in the UK, but as a company we have to be realistic with what is affordable to ensure continuity and a stable, successful future for our staff.

XEIAD are committed to offering a remuneration package that is both equitable and fair, we are therefore pleased that this year, we are in a position to be able to increase pay across the board.

As discussed previously, our objective throughout all discussions with the TSSA is to be fair and transparent, this includes discussions in terms of pay negotiations. As we're sure is the case of the TSSA, we do not wish to be working through protracted negotiation processes which will absorb unnecessary time for all of us. However, we must reach an agreeable position that works for everyone. The important point to remember is that all employees are feeling the squeeze in their pockets so finding an acceptable position promptly is essential.

As part of this process we ask that you note two key points in relation to our commercial contracts with Network Rail.

- 1) XEIAD cannot adjust terms or conditions (which includes pay) six months prior to the end of the contract period
- 2) Our Network Rail contracts (Eastern, Western and Southern) attract CPI as a way to manage inflationary factors, commencing in Eastern in April 2022 but delayed in Western/Southern until April 2023

As mentioned above, our intention is to remain fair and transparent. Therefore, we are pleased to advise that we have been able to successfully agree CPI increases in Eastern Region for this coming year. Unfortunately, in the South, we had not anticipated the unexpected level of inflation we're currently experiencing at tender stage, and with CPI not triggering until 2023, any uplift we agree this year will clearly be at a cost to XEIAD.

Nevertheless, we are in a positive growth position at the moment. We are continuing to drive recruitment and anticipate to employ another 30-50 people within the next 12 months who will be deployed throughout the business. We have not driven cost reduction measures such as overtime bans and have in fact offered increased benefits where appropriate such as company wide Sick Pay Scheme, increased contributions for business mileage in personal vehicles and will be rolling out our Vitality Private Medical Insurance to all transferred staff (who wish to opt in) over the coming months to optimise staff health and wellbeing.

Our offer, in terms of the Pay Increase, is to offer a 5.5% salary increase to all staff throughout the company. This is in line with the January CPI increase and, subject to any financial constraints going forward, is our intention (but unfortunately not a firm commitment) for each year going forward. We plan to pay this increase in the May payroll back-dated to 1st April 2022 irrespective of whether full agreement has been reached or not. We recognise that payment now will support those households who need the support immediately, and not in a few months time.

It is our proposal that this pay review, and all pay reviews going forward, are effective from 1st April each year to tie in with the contract year and to allow us to meet our contractual obligations with Network Rail.

In terms of compulsory redundancy, it's not anticipated that there will be a requirement to make any redundancies this coming year within the collectively bargained unit or throughout the wider business. We are in fact continuing to recruit additional resources in Rail, Highways and our Utilities and Defence teams and will be continuing to do so over the next twelve months. We are also increasing resources in our back office teams to support operational delivery structures. All of these opportunities will be open to all staff and will not impact their entitlement to remain within the collectively bargained unit.

Our response to the aspirational demands is as follows:

- Fair Pay – Equal Pay
Since the TUPE transfers in 2021, we have reviewed existing XEIAD staff pay with the intention to bring all staff outside of the transfers into line with the pay rates that came with TUPE staff. This has resulted in widespread uplifts to salaries so that there is parity across the board. XEIAD are committed to ensuring a fair and transparent approach in terms of pay scales and banding and therefore welcome the opportunity to continue discussions on this point with the TSSA over the coming months.

- Reduction in working hours to 35 hours a week, 5 days a week
We do understand the genuine benefits that come with managing working hours to improve staff wellbeing and the work-life balance and are actively reviewing our position on how to support staff with this. There are however, many challenges to overcome on this point, particularly with regard to how to make it cost effective for both employee and employer. Unfortunately, we are not currently in a position to accept any change to working hours in the short-term due to the significant impact this would have on our resource profiles, recruitment needs, baseline delivery forecasts etc., all of which will attract additional, unplanned cost.
- Increase Annual Leave to 30 days a year
There are a range of annual leave entitlements across the business, specifically within the TUPE transferred team. XEIAD full time standard contracts provide 23 days per annum (exc. bank holidays) upon commencement of employment and we will ensure that no staff, irrespective of their transferred entitlement, receives less than this (pro rata for PT staff).
Currently, the ambition to extend Annual Leave basic entitlement to 30 days per year is not possible. Similarly to the reduction in working hours, this would require additional resources to mitigate the shortfall and would significantly increase costs. We will however, consider what options are available and will work with the TSSA to review how we can optimise leave arrangements going forward.
- Review of maternity, paternity, adoption, shared parental leave, family leave arrangements
We have an ongoing review of all policies and procedures as part of the harmonisation project and have already brought in updated policies within the wider XEIAD organisation for family leave. We are also flexible with how people work, supporting many with a work life balance of hybrid working and have no intentions to significantly alter this process in the coming year.

We are sure that you appreciate the significant changes that have taken place within XEIAD over the past twelve months and hope you recognise that we have sought to maintain, as a minimum, conditions for all staff throughout the mobilisation phase. Now we are fully operational we look forward to working closer with the TSSA and shall endeavour to review the aspirational points raised in your letter over the coming months. As a proactive and engaging employer, we hope that with the spirit of mutual respect we will find great benefit through a process of collaborative working.

We are also looking forward to entering into further discussions around the expansion of the collective bargaining agreement and how this could apply to the wider rail team at XEIAD. Previously, this has been expressed verbally however we feel that now, with the necessary organisational adjustments made to our non-Rail sectors, and with good forward momentum, we will be able to reach a positive outcome for all on this point.

Finally, and to reiterate the point above, the proposed uplift to salaries will be included in the May payroll irrespective of any negotiated position. This is to ensure that staff are not left out of pocket whilst we finalise any discussions. If you feel this as an inappropriate measure, or requires further consideration please do advise as a matter of urgency as we need to prepare payroll accordingly.

Should you wish to discuss this further, please do not hesitate to contact either myself or Lisa Marshall.

Yours sincerely,



Paul Capener
Managing Director