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Ref: IR/LB/053/22

28 July 2022

Dear Jerry,

2022 Pay Negotiations, Management grades

I set out below Network Rail's revised best and final offer in relation to the pay negotiations for our management grades bargaining group as outlined at our meeting on 21 July 2022.

By working together, we are best able to ensure the recovery of our business from the financial devastation caused by the coronavirus pandemic. The restructuring delivered so far, and the subsequent productivity measures we have agreed means we are able to offer an increase to the salary package for those in the bargaining group for Bands 1 – 4 community.

1. Base Pay increase

- 1.1. 4% increase on base pay effective from 1 July 2022 to 30 June 2023
- 1.2. The pay for performance matrix will not be applied for 2022, and we invite the TSSA to work with us to develop an appropriate mechanism that maintains the foundation of our pay structure

2. Pay ranges

- 2.1. The pay range minimum will be uplifted by 4% and employees at the bottom of the pay range will be adjusted accordingly but will not receive a pay award on top of this increase
- 2.2. In addition to this we will also increase the band pay range maximum by the value of the pay award

2.3. In recognition of the economic challenges employees at the top of zone 3 will receive a non-consolidated lump sum equivalent, for this year only. For those employees who are within 4 % of the top of the pay range, they will receive a non-consolidated payment for the difference

3. Differentials

3.1. We commit to holding an immediate review to measure the extent of differentials that exist, between managers and their direct reports.

3.2. A differential exists where a manager has a direct report that earns more than them. Where this is identified, the median salary of all direct reports will be calculated as a means to uplift the manager's salary to that median. Uplifts will be capped at the top of zone 2, to enable further movement within the pay range. This be subject to an annual review and will remain in place until any other remuneration measures are consulted and agreed.

4. London allowances

4.1. Inner London increased to £3,270

4.2. Outer London increased to £1,942

5. Staff Privileged Leisure Travel

5.1. Employees are offered the discretionary privileged leisure travel facility which provides a 75 % discount on all leisure travel and includes family members. It is anticipated that the administration of the scheme will be set up from January 2023 at the latest. (This is the same discretionary travel benefit afforded to non-safeguarded Train Operating Company (TOC) employees for leisure travel.)

6. Season ticket subsidy

6.1. 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

7. Annual leave

7.1. Employees will be able to 'sell' up to 10 days accrued annual leave during an extended window so long as a minimum of 20 days are reserved to be taken as leave for 2022

8. Dispute resolution

8.1. We commit to applying our national principles agreed as part of the modernising management agenda to any changes that impact band 1 to 4 employees during the 12 months of this agreement

8.2. We will abide by our collective agreement, when considering changes to terms and conditions

9. Productivity

9.1. We propose joint working to concentrate national level consultation of the template organisation to Key Safety Posts & Safety Critical Work posts only

9.2. We propose a review of the memorandum of consultation, the accompanying paperwork and process, with the aim of making it more concise and clearer for our people

This final offer and package is subject to acceptance and is conditional on written confirmation that 1) the current industrial dispute is resolved and no industrial action in respect of the current dispute will take place and 2) the productivity items are accepted.

I look forward to receiving your acceptance of this offer.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'AH', with a long, sweeping horizontal line extending to the right and a large loop underneath.

Alex Hynes, Managing Director, Scotland's Railway