



Rail Dispute Update: 13th May 2023

Latest update: Members in Train Operating Companies taking strike action on 13th May

- Rail union, RMT will launch strike action across 14 train operators on May 13th after rejecting the latest offer from the Rail Delivery Group.
- On 4th May, RMT announced that it had won a massive renewed mandate for further strike action in its re-ballot, required under anti-trade union laws. All the ballots passed the 50 per cent participation threshold imposed by the government's anti-trade union laws and included massive votes for further strike action. On an average turnout of nearly 70%, over 90% backed strike action.
- The strike action is taking place after the Rail Delivery Group, under pressure from the government, reinterpreted their original proposals and torpedoed negotiations.
- RMT suspended action scheduled for 30 March and 1 April after the employers tabled a complex two-year offer, comprising 5% for the first year, conditional on entering a dispute resolution process and 4% for the second year on condition of 'successful conclusion of meaningful discussions' around proposals for workforce reforms at local level.
- On 27th April the employers issued a 'clarification' saying that the 5% for the first year would only be payable if RMT terminated its industrial mandate, meaning no further strike action could take place over jobs pay and conditions, including the workplace reform agenda.
- Consequently, RMT announced that it would take action on 13th May, the last day of its mandate, ahead of the re-ballot return.
- Meanwhile the government is pressing on with plans to ban strike action, introducing legislation which gives the Secretary of State the power to impose Minimum Service Levels during industrial action, even though the government's own impact assessment has said this could lead to more strike action and different types of industrial action
- At the same time as attacking workers' right to strike and their jobs, terms and conditions, the Government has continued to protect the private train operators' ability to profit from the publicly funded rail network. RMT recently reported that the Government had permitted two private rail companies to pay dividends totalling £82 million during

2022. This included a £65 million dividend paid to First Group, which runs 5 rail franchises, including SWR and GWR. We estimate that by September this year, the train companies' profits since the start of the pandemic will total around £400 million.

- And while rail workers have been subject to a pay freeze, bosses at seven rail companies have awarded themselves annual pay rises of between 15- 275%. At First Group, whose train companies include failing Avanti West Coast and Transpennine Express, the remuneration of the Chief Financial Officer and CEO increased by an eye-watering 275% and 168% in one year.

Network Rail members vote to accept improved offer

Network Rail members will not be taking action after they voted overwhelmingly on 20th March to accept an improved offer from the infrastructure company. The offer accepted by RMT's Network Rail members meant:

- An uplift on salaries of between 14.4 per cent for the lowest paid grades to 9.2 per cent for the highest paid
- A total uplift on basic earnings between 15.2 per cent for the lowest paid grades to 10.3 per cent for the highest paid grades. This represents an additional 1.1 per cent over the duration of the deal
- Increased backpay
- Renewing of the no compulsory redundancy agreement until January 2025
- Network Rail withdrawing their previous insistence the offer was conditional on RMT accepting the company 'modernising maintenance' agenda, which the union will continue to scrutinise and challenge including on safety
- Discounted rail travel benefits

When the union first declared the dispute with Network Rail a year ago in the Spring of 2022, RMT was told that Network Rail workers would only get two per cent to three per cent.

In a turnout of nearly 90 per cent members voted by 76 per cent to 24 per cent to accept the offer.

The Network Rail deal also shows that RMT is prepared to put offers to members when the right offer is made.

The government's direction of the dispute

At all times the government has directed this dispute. RMT believes that the reason the Train Operating Companies reneged on their proposals was due to further government interference.

The RMT has been seeking to resolve these disputes since March 2022, but the Government have prevented the companies from doing so.

Under the tenure of Secretary of State Grant Shapps, Ministers initially, falsely, denied that they had any role in the dispute. The government's role in setting the Train Operating Companies, directing the dispute and intervening at key points has now been fully exposed.

The Train Operating Companies have to do exactly what the government tells them to do or they risk breaching their contractual obligations and losing the indemnification that ensures the

taxpayer and not them, covers the cost of the strike action. As the government has now admitted: *'where the train operating company complies with its contractual obligations, including on industrial action, revenue risks are borne by Her Majesty's Government'*.¹

The government has spent more than £630 million indemnifying the Train Operating Companies to prevent an early settlement – rail passengers and the economy have been 'collateral damage'.

On 18th January, Rail Minister Huw Merriman admitted that the rail network and the businesses and passengers who depended on them had simply been pawns in a wider game by the government aimed at holding down keyworkers' pay. Asked about the cost of the dispute to the taxpayer and the economy, he said:

"If you look at it in that particular lens then absolutely It's actually ended up costing more than would have been the case if it had just been settled at that point but again you have to look at the overall impact on the public sector pay settlements".

This explains why, at several key points, the government has stepped in and torpedoed negotiations.

Not even all the rail industry are happy with the government's role. An industry press article revealed that industry insiders believed the DfT were preventing a possible deal. The DfT were accused of being asleep on the job in April 2022: *'The industry put proposals to DfT in April, and we could have got a 5% deal across the line. But we had still got no response or a mandate by September', says one insider.'*

Other rail managers report internal chaos and divergent objectives within departments: *'DfT, they report, is relentlessly focused on stripping cost from the sector, while the Treasury is adamant that it wants more revenue.'*

Others confirm the RMT's accusation that it was the Prime Minister's office which intervened to insist on the Driver Only operation clause: *'The Prime Minister's office insisted on a clause being inserted 'over the heads of DfT' that would bring in more Driver Only operation, according to one insider.'*

Asked about this in the Transport Select Committee, Secretary of State Mark Harper repeatedly refused to deny that the Prime Minister had intervened.

Government for the rich

The Government has continued to protect the private train operators' ability to profit from the publicly funded rail network.

RMT research has revealed that bosses at seven rail companies have awarded themselves annual pay rises of between 15- 275% whilst most rail workers have been subject to a pay freeze.

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¹ <https://questions-statements.parliament.uk/written-questions/detail/2022-05-12/1166>

Deals in Scotland and Wales: Why is Westminster different?

It is notable that elsewhere on the railway where the Westminster Government has not directly controlled the disputes, settlements have been agreed. The Welsh and Scottish Governments are responsible for the Transport for Wales and ScotRail franchises and pay settlements for 2022 have been agreed in both companies. Crucially, neither the Welsh nor Scottish Governments have made these settlements conditional on attacks on jobs, conditions and services and widespread ticket office closures. It is clear that the contrasting approach taken by the Westminster Government is an ideologically driven one, intent on pursuing policies that hold down public sector pay and protect the profits of private train companies but make the railway less safe, secure and accessible for passengers.

The public does not want cuts to rail

The government and the train operating companies are pushing for cuts to staffing costs but this is the reverse of what passengers want.

- The public does not support the massive cuts being imposed, supposedly in the name of 'modernisation'. Opinion polling in June shows that 60% oppose getting rid of staffed ticket offices, 63% oppose cuts to station and on-board staff and 70% oppose cuts to maintenance staffing. Nor does the public support the government's draconian response to strikes. Polling for the TUC showed that 8 in 10 people support protecting and enhancing workers' rights, while polling for the RMT showed a clear majority of the public want the government to intervene to ensure that the companies meet workers' concerns.
- The case for cuts on the railways looks increasingly confected by the government in the interest of pushing an agenda that dates back to the McNulty report in 2011. Passenger usage continues to recover and as our population and economy grow, protecting and expanding services will be essential for protecting our prosperity and climate. Our railways are green transport for the future which is why it's so short sighted for government to make these cuts.