

## Notes of Engineering Company Council Meeting – 25<sup>th</sup> April 2006

Those present

Management Side            Neil McDonald, Roy Taylor  
 Staff Side                     Charles Harding, Ian Ritchie, Craig Freebairn, Ron Thompson, Bill Harrison

Apologies                     Nigel Horswill, Bob Rixham

### Meeting Notes

Mr Harding advised there were no problems with the content of the council notes produced for 17<sup>th</sup> January 2006.

### Issues arising from Notes

| <u>Issue Arising</u>   | <u>Action</u>   |
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| <p><b><u>Pensions.</u></b></p> <p>Mr Taylor briefed council on the proposals put forward by EWS to Bob Rixham, Keith Norman, Gerry Doherty and Bob Crow on 11/4/06 in Perth. He outlined the following :-</p> <ul style="list-style-type: none"> <li>• EWS had sought the unions support in their campaign that another actuarial valuation should be undertaken of the Railways pension scheme in order to reflect the significant bounce back in the asset value of the scheme. This would help avoid excessive contribution increases for employees.</li> <li>• To support this view point EWS had asked Deloitte to conduct a valuation as at 31.12.2005. (The RPS valuation being at 31.12.04 ). Using similar assumptions to the RPS this valuation had shown the EWS section moving from a deficit position of £36 million to a surplus. EWS believed this significant change should be taken into account in setting contributions going forward.</li> <li>• In order to support the long term wellbeing of the EWS section, EWS had proposed the following contributions going forward ( bearing in mind that the scheme is a shared cost scheme with employees paying 40% of the cost and EWS paying 60% of the cost )           <ul style="list-style-type: none"> <li>- Current contributions are Employee ( 5% ) &amp; EWS ( 7.5% )</li> <li>- From 1/7/06 Employee ( 7.5% ) &amp; EWS ( 11.25% )</li> <li>- From 1/7/06 Employee ( 10% ) &amp; EWS ( 15% )</li> <li>- Another review of the section at 31.12.06 to assess its wellbeing.</li> </ul> </li> <li>• EWS was still awaiting formal responses from the Trade Unions on these proposals. EWS had until the 30.6.06 to agree these proposals, otherwise the Trustees of the Railways Pensions Scheme would impose their default proposal which was Employee ( 10.41% ) and Employer ( 16.23% ) from 1.7.06</li> </ul> <p>Mr Taylor advised that EWS had also discussed how their proposals had met with the aspirations of the Trades Unions joint campaign on pensions. For clarity these aspirations are as follows</p> <ul style="list-style-type: none"> <li>- An employee contribution rate of 10.56%</li> <li>- No impact on employee benefits as a result of the valuation</li> </ul> | <p>RT to arrange the pension forums at Margam and Toton</p> |

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| <ul style="list-style-type: none"> <li>- The scheme being open to New entrants</li> <li>- The Railways pension scheme being restructured into 3 sections – Train Operating Companies, Infrastructure Companies and an Omnibus section</li> </ul> <p>Mr Taylor explained that the EWS proposal presented in Perth was below the 10.56 % and had not proposed any changes to members’ benefits. The scheme remained open to New Entrants.</p> <p>Whilst agreeing that scheme administration costs should be reduced, EWS did have concerns with being placed in an Omnibus section with other companies whose sections may not be as well funded as the EWS section. EWS was concerned that such a situation would result in its employees having to pay more contributions than required. EWS had written to the Trade Unions asking for clarification on this proposal but had not received a response.</p> <p>Mr Harding outlined the council’s views on pensions :-</p> <ul style="list-style-type: none"> <li>• The council welcomed and supported the company in its campaign for another valuation</li> <li>• The council were in favour of staged increases rather than the one off rise being proposed by the RPS, otherwise it would wipe out the cost of living pay increase</li> <li>• The council shared the company’s concern over the creation of 3 sections to the fund</li> </ul> <p>Mr Harding wished it re-iterating however that the council would not be in favour of any pension holidays in the future. In addition, the council will continue to seek the establishment of an EWS pensions committee, as it allowed EWS employees more involvement in the fund, which provided greater transparency in the management of the scheme.</p> <p>Mr Taylor went on to explain that he expected the Pensions forums to take place in late May/ early June. ( <b>Post Meeting Note – dates of forums are 7<sup>th</sup> June Margam and 21<sup>st</sup> June Toton</b> )</p> <p>Mr Harding requested clarification on the final number who had opted out of the SMART pension initiative. Mr Taylor explained that 2259 had opted out, 60% of which were Traincrew.</p> |                          |
| <p><b><u>Margam TMD.</u></b></p>   | <p><b>Closed Out</b></p> |
| <p><b><u>Quarterly meeting of Infrastructure team members</u></b></p>  | <p><b>Closed Out</b></p> |
| <p><b><u>Apprentices.</u></b></p> <p>Mr McDonald explained that apprentice opportunities had been advertised internally at Toton, with interviews to be held in the near future. Staff side requested answers to the following questions ( answers from Mr McDonald in bold ) :-</p> <ul style="list-style-type: none"> <li>• What will the apprentices be trained in ?. <b>Dual Trained, but with a focus on the electrical side</b></li> <li>• Will they have a mentor – <b>Yes</b></li> <li>• Mr Harrison, whilst welcoming apprentices, could not understand why the company was taking on apprentices when there were staff who had been upskilled who were being told there were no vacancies</li> </ul>   |                          |

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| <p>for skilled men. <b>Apprentices are outside the compliment – they are an investment in the future</b></p>  |  |
| <p><b><u>Qualification periods for sick pay.</u></b></p> <p>For engineering staff the following qualification periods apply :-</p> <ul style="list-style-type: none"> <li>• Less than 6 month service – Statutory Sick pay only</li> <li>• Greater than 6 months service but less than 1 years service – 6 weeks full pay and 6 weeks half pay</li> <li>• Greater than 1 years service but less than 5 years service – 16 weeks full pay and 16 weeks half pay</li> <li>• Greater than 5 years service – 26 weeks full pay and 26 weeks half pay</li> </ul>   | <p>RT to register the qualification periods in the notes</p> |
| <p><b><u>Shunting at Old Oak Common.</u></b></p> <p>Mr Thompson explained that this issue had returned to local level but in his view the proposal that had originally been consulted on, had now changed.</p>  |  |
| <p><b><u>Track patrolling.</u></b></p> <ul style="list-style-type: none"> <li>• Mr McDonald advised council that he had asked Mr Price and Mr Rock to review the proposed specification for patrolling, following concerns over the level od work staff were being asked to do.</li> </ul>  | <p>Neil McDonald to feedback at next council meeting</p>     |
| <p><b><u>Working arrangements abroad.</u></b></p>   | <p><b>Closed Out</b></p>                                     |
| <p><b><u>Doncaster Depot Security</u></b></p> <p>Mr McDonald explained that the risk assessment had been conducted and passed to the Team Leader for implementation.</p>  | <p><b>Closed Out</b></p>                                     |
| <p><b><u>Third Party Wagon depot Work</u></b></p> <p>Mr McDonald explained he had spoken to Paul Antcliff. The limits on the specification for NR fixed formation vehicles remained the same and a new red book was soon to be issued</p>   |  |
| <p><b><u>Central Stores Project</u></b></p> <p>Mr McDonald gave an update as follows :-</p> <ul style="list-style-type: none"> <li>• All local discussions had been concluded</li> <li>• The majority of Area stores staff had been appointed</li> <li>• The end of June would see the movement of stock to Central stores. This stock movement would be managed by Mike Hudson</li> <li>• 8 appointments had been made to central stores, with still 2 vacancies</li> <li>• The 2 driving vacancies were currently being covered by agency staff</li> </ul> <p>Council advised that there had been resentment in the areas about the fact that Central stores had not worked 24/7 over the Easter period. Mr McDonald explained that because of the lack of interest internally in the Central stores positions, there had only been 4 staff in position at Easter. This had not allowed for 24/7 work. Since then another 4 appointments had been made from over 100 external applications.</p> |  |

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| <p>Mr Harding wanted to understand why 2 stores jobs and 2 drivers jobs had not been filled. Mr McDonald explained that the company were retaining these opportunities for displaced staff in the year ahead. He explained that with the difficult year ahead for the company, he did not want to be recruiting people externally in one place whilst displacing internal staff.</p> <p>Council expressed a concern that production staff appeared to be being asked to drive excessively. Mr McDonald explained that hours had been put into the production budget for driving. In addition, the shortfall in staff was being picked up by the logistics provider at the moment. Council explained they would like to see this work being done internally.</p> <p><b><u>Internalisation of Building &amp; Plant Maintenance</u></b></p> <p>Mr McDonald updated council that the majority of local consultations had now concluded on the internalisation of Building and plant maintenance. He had asked Area Engineers to ensure that there was sufficient work in a role prior to recruiting externally to fill a vacancy. He advised council that he had considered their previous proposal about combining plant work with T &amp; RS work, in order to retain T &amp; RS competence within the business. He had recommended to Area Engineers that this now be considered as an option.</p> |  |
| <p><b><u>Long Term Welfare Scheme Proposal</u></b></p>  | <p>R Taylor to provide proposed wording of the agreement to council.</p>   |
| <p><b><u>Rail Unions Liaison Group</u></b></p> <p>C Harding wished to thank the communications team for their support in providing information for these meetings</p>   | <p><b>Closed Out</b></p>   |
| <p><b><u>Xmas and New Year Bonus proposal</u></b></p> <p>Council wished it noting that their previous proposal of :-</p> <ul style="list-style-type: none"> <li>• £500 bonus for all engineering staff to be paid before Xmas</li> <li>• £500 bonus to be paid to all engineering staff who work either Xmas day or New Years day</li> <li>• Boxing day becomes a bank holiday for all engineering staff.</li> </ul> <p>Was a serious aspiration that they would be pursuing in productivity discussions. Mr McDonald re-iterated his previous comments that he was willing to discuss a productivity bonus but thus far, he had not seen any productivity ideas from staff side that could pay for such a bonus.</p>   |  |
| <p><b><u>Driving Road Vehicles.</u></b></p> <p>Mr McDonald advised council that a full FTA audit was scheduled for June on Tacho and working time regulations. Following the last meeting, he had spoken to the Road Transport Manager and currently there was no feedback suggesting that the company had a problem in these areas.</p> <p>Mr Ritchie explained that there was a problem with the current process of dealing with mistakes in Tacho recording. The letter for the individual was sent to the team leader to discuss with the individual. But team leaders did not have an in depth understanding of the requirements in order to speak to the individual. Given that the BRUFF was no longer exempt from the</p>   | <p>N McD to provide feedback on the audit</p> <p>N McD to consider if a regular briefing of staff is required on the regulations</p> |



**Business Update**

Mr McDonald outlined the following key points during the business update :-

- Accounting for inflation, the company’s revenue had fallen in real terms over the last few years
- Without property sales, the business would have made a loss in the last business year ( April 05 to March 06 ). The increase in the cost of fuel had been a large factor in this
- The budget for the year ahead saw the company only making a small profit before tax – any hiccups would see the company make a loss in the year ahead.
- The company had lost the Bardon contract to Freightliner Heavy Haul. There was no doubt that the company was facing a hard financial year.
- The engineering production budget was £42 million for the year ahead ( compared with 42.33 million in 05/06 ). This budget also had to take into account an additional £1 million in pension contributions to be paid by the company.
- At the same time the company was trying to fund the expansion of EuroCargo, where the returns where higher than the UK
- It was against this picture that a senior management team, led by Stuart Boner, had been set up to look at how costs could be taken out of the business.

Council asked for clarification on the following issues ( replies in bold ) :-

- Why had Axiom been undertaking Class 66 B exams ( **The depots did not have sufficient work so work had been put into them** )
- What was the situation with Channel Tunnel tolls ( **Difficult discussion were currently ongoing. Euro Tunnel wished to increase tolls to levels that would make the traffic unprofitable to run** ).
- What was the situation with L5 work at Thornaby. ( **With the financial situation in the company the CAPEX budget was continually being reviewed. £2 million had been taken out in the last week. At Thornaby MBO had been taken out and replaced by 2 x VIBT** )
- What was the situation with Wessex trains ( **This had been awarded to the Great Western franchise, who had not decided on their maintenance strategy. Until we know this we can’t predict the impact on Bristol and St Blazey** )

Mr McDonald concluded by explaining the current situation with Axiom contract bids :-

- EWS were not the preferred bidder for the 323 contract because of the cost of moving additional sets from Manchester
- Old Oak Common had bid for the Class 150 work but this had gone to Wabtech, who were already doing some of this work
- Axiom were bidding for work in the C4/C6 marketplace but here they were bidding against companies such as Turner group/ LH group who would go and do the work at the customer’s premises.

**Compliance with Safe Systems of Work**

Mr Harding asked if the formal report into the serious incident at Crewe IEMD had been concluded. Mr McDonald confirmed it had and was about

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| <p>to be issued.</p> <p>In response to the concerns raised by staff side at the previous meeting, Mr McDonald outlined the following ( replies in bold )</p> <ul style="list-style-type: none"> <li>• Mr Harding raised the fact that the earthing procedures had been changed at Crewe without the involvement of the H &amp; S rep or the staff. ( <b>Mr McDonald had spoken to the local managers who said they had discussed it, but there was no notes of these discussions</b> )</li> <li>• Mr Harrison raised the issue of working at heights at Toton ( <b>A detailed assessment had now been undertaken with local representatives</b> )</li> <li>• Mr Ritchie raised the issue of Maintrol putting pressure on staff to undertake tasks in the field, without a safe system of work. ( <b>Maintrol had a standing instruction that staff should not undertake work they are not qualified to do</b> )</li> </ul> <p>Mr McDonald re-iterated that management and council had to work together to ensure safe systems of work were complied with</p> |   |
| <p><b><u>Conduct of Business at a local Level</u></b></p>  | <p>N McD to reaffirm to Area Engineers the need to conduct local meetings and issue notes</p> |
| <p><b><u>Expenses Procedure</u></b></p> <p>Council expressed their strong concerns that staff were having continuing problems with payroll. It was not from a particular part of the country but nationwide. The most common problems were :-</p> <ul style="list-style-type: none"> <li>• Expense claims being signed off but being lost in the post</li> <li>• When staff ring in to check receipt of expenses being told “ we have not had a chance to open the enveloped yet “</li> </ul> <p>Staff were now saying they would not attend Breakdown and Recoveries because they were not being paid their entitlement.</p> <p>Mr Harding advised that an agreement had been reached in the past whereby if an individual missed their pay slot through no fault of their own and the amount claimed was in excess of £100, it would be paid through BACS. He wanted this agreement reiterated to payroll.</p>   | <p>RT to discuss with payroll</p>   |
| <p><b><u>Toton Xmas Roster</u></b></p>   | <p><b>Closed Out</b></p>  |

| <u>New Agenda items</u><br><u>Issue Arising</u>  | <u>Action</u>  |
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| <p><b><u>4 weekly pay</u></b></p> <p>Council sought clarification on the company’s policy if an individual moves from weekly to 4 weekly pay.</p> <p>Mr Taylor explained that if an individual converts from weekly to 4 weekly voluntarily, then the advance to salary facility was still available. If an individual becomes a manager, then part of the terms and conditions of being a manager, is 4 weekly pay. In these circumstances, the salary advance was not normally available.</p> <p>Mr McDonald explained that if an individual was facing serious hardship as a result of this conversion, then they should speak to their line manager.</p>   |  |
| <p><b><u>Drivers Undertaking Weekly Safety Exams</u></b></p> <p>Mr Harding requested clarification on the following :-</p> <ul style="list-style-type: none"> <li>• Who would undertake the training for drivers undertaking weekly safety exams ?</li> <li>• Who would undertake the competency assessments ?</li> </ul> <p>Mr McDonald explained that the specification for training would be set by the head of locomotive engineering. Training would then be done by competent people – either internal or external. He further explained that it was still to be decided who would undertake the competence assessments.</p> <p>Council said that they believed engineering staff were the correct people to undertake competence assessments but expressed concern over the increased workload for engineering staff.</p> |  |
| <p><b><u>Higher Grade Duty</u></b></p> <p>Mr Harding requested that the Higher Grade Duty rates be published.</p> <p>Council requested clarification on what a team leader would be paid on higher grade duty if they covered a production managers role. Mr McDonald advised that as production managers were individual positions, there would be no set amount – an ex gratia payment would be made to the individual.</p>  | <p>Roy Taylor to publish the Higher Grade Duty Rates</p> |
| <p><b><u>Annual Leave Arrangements</u></b></p> <p>Mr Thompson explained that Hither Green staff would be submitting a collective grievance regarding the way consultations were handled and the change in arrangements for requesting annual leave.</p>  |  |
| <p><b><u>Introduction of Snowdrop</u></b></p> <p>Mr Taylor explained that the company was introducing a revised HR/ Payroll system called snowdrop. One of the benefits of such a system was the internalisation of the payroll bureau. This would allow the current weekly pay advices for engineers to be produced internally, rather than externally as now. It was agreed to set up a working party of a council member ( Ian Ritchie ), HR and payroll to identify what these advices would contain.</p>  | <p>RT to set up the working party meeting</p>            |

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| <p><b><u>Compliance with Safe Systems of Work/ CCMS</u></b></p> <p>Mr McDonald explained to council that CCMS was something the company was introducing to replace EWS/ES/0066 and EWS/ES/0073. It was being operated by Operations currently and trials were being run at Worksop and Crewe for engineering staff.</p> <p>He explained that this system should help identify where staff have further training needs because there was a complete mismatch happening in the company. Currently there were systems identifying that loco/ wagon exams were not being correctly undertaken, yet we had a competency management system that showed everybody was competent to undertake exams.</p> <p>Council requested to see the system and feedback on it prior to its introduction.</p> <p>Mr McDonald explained he had recently done an out of hours visit to Toton. Out of the 14 staff on the shed, only 3 had been wearing eye protection. He requested council's assistance in ensuring compliance with safe systems of work. He asked council whether they received the monthly safety brief. Council explained they did but the quality of delivery varied widely. In some locations, team leaders just asked staff to sign for the brief when they had read it – there was no 2 way interaction. Mr McDonald identified the need for relevant and interactive safety briefs was a key element of the training for production managers.</p> <p>Mr Ritchie explained that it was sometimes difficult for council to push compliance because not all functions complied uniformly. In addition, there was a perception amongst staff that if all the H&amp; S directorates were followed to the letter then the job would not actually get done.</p> <p><b><u>Staff working beyond 65</u></b></p> <p>Council asked for clarification on the company's policy for staff working beyond 65. Mr Taylor explained that the company was currently evaluating the recently published age discrimination legislation and assessing the impact on all the company's policies. Mr Taylor agreed to feedback at the next meeting</p> | <p><b>RT to feedback at next meeting</b></p> |
| <p><b><u>Use of Contractors in the company</u></b></p> <p>Mr Harrison wanted to understand why EWS had contractors painting the resources office when there was no work at the Toton paint shop. Mr McDonald explained that if there was no work on the paint shop he would expect staff to be helping on production.</p> <p>He explained that EWS was still using contractors in the B&amp; I area, though this had reduced with the internalisation programme. In addition because of warranty issues it was sometimes less risky to use people such as Turners, rather than open EWS up to the risk.</p>   |  |
| <p><b><u>Business issues</u></b></p> <p>Mr Freebairn wished to understand if the rumours that Corus was being bought by a Russian business were true. Mr McDonald explained that the Metals market was particularly predatory at the moment but he had not heard anything official on this.</p>   | <p>N McD to feedback on Kingmoor</p>         |

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| Mr Freebairn also explained that the main contractor at Kingmoor yard had sold up and Network Rail no longer had anybody to load/ unload the Virtual Quarry. Mr McDonald said he would investigate this |  |
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**Next Meeting**

24<sup>th</sup> July      Staff Side  
25<sup>th</sup> July      Full Council