

# Annual Pay Review 2026: Final Pay Offer

Dear all,

Over the last couple of months, we have had several constructive meetings with the Joint Trade Unions (UNISON, GMB and Unite) about this year's pay review for colleagues in grades A & B. The pay offer (detailed below) represents our full and final offer to the Joint Trade Union, who will now take it to ballot.

We are committed to investing in our people and recognising and rewarding them appropriately; we feel this offer is fair and balances the needs of colleagues with the needs of the business. The Joint Trade Unions have agreed to **recommend** the offer to their members.

## Pay increase

- A 4% consolidated and pensionable increase to base salaries for all eligible colleagues in grades A & B effective from 1 July 2026.
- This includes a consolidated increase for colleagues who are currently 'red circled' i.e. above the maximum of their pay bands.
- A 4% increase to standby, call-out and out of hours allowances effective from 1 July 2026.

## Eligibility for pay increase

Colleagues in grades A & B will receive the increase to their base salary with effect from 1 July 2026.

- Colleague's base salary as at 30 June 2026 will be used for the calculation.
- Colleagues on *Formal Pay Progression* schemes **will** be eligible for the increase.
- Known leavers (except retirees) at the payment date **won't** be eligible for the increase.
- Graduates and Apprentices **won't** be eligible as their pay is reviewed separately.

## Standby, Call Out and Out of Hours Allowances

We have committed to a review of Standby, Call Out and Out of Hours allowances and aim to complete this by December 2026.

## Thank you

Thank you for the extraordinary commitment, professionalism and resilience you have shown during an intense and highly visible period, helping keep essential services running while we stabilise the business and agree our recapitalisation in principle.

As a tangible thank you for everyone's dedication through this period of change, all colleagues will receive one additional day of annual leave in FY27.

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Outside of the pay offer, we have also discussed the following:

## Pay band benchmarking

In line with the agreement to 'review pay bands annually against market data and discuss with our partnership unions as part of the annual pay review', we have completed this review and can confirm there will be no movement to the pay bands this year.

## 2026/27 Performance Related Pay Plan (A&B Bonus)

We can confirm that the Performance Related Pay (PRP) Plan will continue for the 2026/27 performance year. The outcome of the 2025/26 PRP Plan is currently going through our internal assurance and approval processes, and we will provide an update as soon as these are complete.

As a reminder, the PRPP aligns incentives for grade A & B colleagues to the Company's success by directly linking reward to achievement of the Company's key performance measures.

- The performance period is aligned to the financial year, 1 April 2026 to 31 March 2027
- All permanent colleagues in grade A & B are eligible to participate
- Payments are calculated using base salary at 31 March
- Any awards under the plan are made after the final company results are published, usually July

The performance measures and scheme rules will be distributed as soon as possible, likely to be in July. You can read more about the PRPP here [\[link to BlueBytes\]](#).

### ‘Allowances In’

As part of last year’s pay agreement, we committed to working together to address the challenges created when allowances were consolidated into base pay as part of Project Skye.

Since then, we’ve been working closely with the Joint Trade Unions to understand the impact across different groups of colleagues and to agree a way forward that is fair and sustainable.

An important first step has been the introduction of legacy pay bands, which helped to stabilise pay outcomes and provide a clearer framework for colleagues affected by red circling.

Building on this, we have now agreed a new Working Pattern Allowance model. This will apply to new joiners into eligible working patterns from 1 October 2026. The new model will help recognise eligible working patterns in a more consistent way in the future.

We have also carefully considered how this new allowance should apply to existing colleagues in eligible working patterns. Given the different ways pay has been treated over time, this is not a straightforward position, and we are working through the details, however, these are the high-level principles we have agreed:

#### **Colleagues whose allowance was consolidated into base pay in December 2022**

- Will **not** be eligible for the new allowance, as that value is already reflected in salary. These colleagues have been placed into legacy pay bands.

#### **Colleagues who joined from January 2023 onwards**

- Will also **not** be eligible for the new allowance.
- However, they will be transitioned into **legacy pay bands**, and their base pay will be reviewed as part of that process. This may result in increases for **some** colleagues.

Under the new model, colleagues whose working pattern falls within the core working window will not be eligible for an allowance. As we move forward with implementing the overall framework, we will continue to monitor and review underlying pay and market positioning. For example, day Network Service Technician (NST) pay rates will be actively considered as part of this ongoing process. Our commitment is to ensure fairness and competitiveness as we adapt to the new model.

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### **Next steps**

The Joint Trade Unions will be in touch with their members shortly with more details on how to vote on the offer. To find out more information on joining a union, please use these links - [Unison](#), [Unite](#) or [GMB](#).

Take care,

**Justin Lambourne**, Renewals & Logistics Director and **Kate Sheldon**, HR Director – People Services & Reward