

AGREEMENT for MANAGING SURPLUSES in CWU REPRESENTED GRADES

1. This agreement applies to all grades in Romec Ltd represented by the CWU in situations with the potential for redundancies, warranting the application of statutory consultation and notification. The interpretation of a redundancy situation will be in accordance with the Employment Rights Act (1996). 'Pay Protection' and 'Excess Travel Expenses' provisions will apply in all situations where individuals are displaced as a result of management initiated change involving a reduction in the number of jobs in a particular grade or location. This agreement replaces the existing Managing the Surplus Framework (Administrative & Operational Grades – 18th March 2002) and any former policies existing within Romec Ltd relating to the management of surplus staff. The compensation terms contained within this document are derived from the original MTSF agreement, which will be the reference point for any compensation terms requiring clarification.
2. Romec Ltd has defined procedures for involving trade unions within agreed IR procedures and processes that will be fully applied. This Agreement is intended to supplement these procedures and establishes the way in which surplus employees and redundancy situations will be managed in Romec Ltd. The purpose of this document is to explain the support Romec Ltd intends to provide to its employees to assist in coping with these changes. It sets out the arrangements that are available, and the standards that Romec Ltd will meet.
3. Romec Ltd and CWU accept a mutuality of obligation to make every effort to secure continued employment of CWU represented employees. This will involve recognition by both parties that the successful growth of the business and continued job and redeployment opportunities will depend on joint co-operation in the planning of changes to meet the new contract requirements and deliver a sustained, high quality service to our customers. To this end, both parties accept that existing practices to achieve and maintain a balance between employee numbers and the staffing requirements of the business will continue.

These practices consist of:

Frequent updating of staffing forecasts. These will be subject to discussion with the CWU as part of normal consultative forums.

Adjustment of employee numbers through natural wastage, the regulation of recruitment and overtime and redeployment of employees between different skills and locations.

Utilisation of short-term resource to meet operational requirements.

Examining opportunities to undertake work currently being performed by sub-contractors.

Any other measures normally utilised which are compatible with this Agreement.

4. Romec Ltd has an excellent record of avoiding compulsory redundancy and will strive to continue that record. Employees can assist this by co-operating with business changes and taking a flexible and open-minded approach to redeployment opportunities and the acquisition of new skills. Given adherence by Romec Ltd and co-operation from its employees to the provisions and obligations of this Agreement, Romec Ltd undertakes that no one who wishes to remain with the business will be compelled to leave on redundancy grounds.

If, despite the application of the measures of this agreement, an unresolved surplus were to exist, then Romec Ltd and the CWU will commit to urgent discussions to agree the necessary solutions and timetable for resolution. In the event that a resolution is not agreed, then Romec Ltd will, following further consultation in line with Collective Agreement version 8, advise CWU of its intentions.

5. **Communication and Consultation**

As part of Strategic Involvement meetings, Romec Ltd will discuss future business plans with the CWU to facilitate a joint understanding of staffing and workload forecasts.

Formal statutory notification will be given to the CWU headquarters representatives of affected employees at the commencement of the consultation period. As a minimum, consultation timescales will be in line with statutory requirements and for projects involving lengthy timescales, consultation with the CWU will commence when plans are at the formative stage and at least 6 months before they are due to take effect. It is acknowledged that sudden change may be forced upon Romec Ltd in response to the loss of a customer contract or significant market downturn. In such instances, as much notice (and at least statutory minimum) would be given to the CWU.

6. When a surplus is anticipated, the employee grouping into which the options set out below will be applied should be agreed without delay with the appropriate CWU representatives, having regard to the grade/skills/locations of the surplus employees and to the opportunities for alternative work. Under normal circumstances, the employee grouping/unit will be the SPC area. However, during discussion it may be agreed to vary the grouping to take into account geographical spread, affected grades, skills and/or neighbouring SPCs. This grouping will be referred to as the "redeployment unit".
7. In the unlikely event that agreement cannot be reached regarding the redeployment unit, the matter will urgently be referred to Romec Central Office and CWU Headquarters who will resolve the matter in no more than five working days.
8. **Preference Forms and Covering Letter:** When the redeployment unit has been agreed, Preference Forms should be sent with a suitable covering letter to all employees within it (including any serving, either within or outside the redeployment unit, on temporary promotion).
9. **Measures for dealing with Surpluses:** In many circumstances a number of the measures listed will be applicable and they should be used together where practicable to achieve a balance between the demand and supply of employees as quickly as possible. The measures as listed at 8.1, 8.2 and 8.3 are a normal part of the resource planning process and should be under continuous review. In the event of a surplus arising there should be further review before any of the later measures are considered. The implemented mix of the measures in 8.4 – 8.9 may be varied to take account of local circumstances including individual employee preferences.

- 9.1 **Adjustments to the rate of recruitment:** Where resource-planning forecasts indicate a potential surplus of employees in the unit, recruitment should normally only be undertaken after it is known how the surplus will be cleared. This will apply in any circumstances where a surplus arises.
- 9.2 **Adjustments to planned levels of overtime:** Where appropriate, distribution of levels of overtime may be adjusted taking into account the existing skills of the workforce, if this would help in reducing the number of surplus employees and is consistent with operational requirements.
- 9.3 **Reversion of temporary promotees:** Employees on temporary promotion may be reverted if such action would help to clear the surplus on a higher grade. Where redeployment measures are being applied in respect of the individual's substantive grade, s/he should be included in these measures.
- 9.4 **Temporary employment elsewhere:** Where possible, and within reason, project/short term work away from an individual's normal place of work will be arranged whilst a substantive position is being sought. In such circumstances normal agreements related to excess travel etc. will apply.
- 9.5 **Voluntary transfers in own grade:** In operating this Agreement any vacancies should be filled either by surplus employees in the same grade or skill, or by employees in the same grade with appropriate retraining. Transfers of this kind need not be limited to the employees who are surplus. Others who are not themselves surplus may move into existing vacancies thus leaving vacancies which in terms of skill and/or location would be more suitable for the surplus employees. Transfers, which should be progressed quickly, may be in any of the following categories:
- (a) in own skills within reasonable travelling distance;
 - (b) to a different skill within reasonable travelling distance;
 - (c) in own skill involving voluntary removal of home;
 - (d) to different skill involving voluntary removal of home.

Retraining will be arranged where practicable and necessary

- 9.6 **Pay Protection:** Pay protection terms will apply to individuals placed into positions which attract less favourable terms and conditions in terms of pay, pensionable allowances and regional pay than they enjoy or enjoyed in their old job. An individual who cannot be found an alternative job on the same terms and conditions, or allowances and who is placed into a position that attracts less favourable terms and conditions or allowances because the job is either a) a lower grade, or b) the same grade which does not attract the same allowances or shift payment and would result in a reduction in pay or allowances, then the individual would be appointed to the role on a substantive basis and attract the following protection:
- a) protection of basic pay in perpetuity.
 - b) protection of pensionable allowances, non pensionable allowances, overtime and London Weighting payments as set out in Appendix 1 of this document.

Efforts will continue to re-deploy individuals at their former substantive grade and individuals may be offered or choose to accept VR as an alternative to transfer.

- 9.7 **Voluntary Buy Down of Grade:** An employee may be permitted to reduce his/her grade where to do so would facilitate the placement of a surplus employee. Such buy down will be on a voluntary basis and at the discretion of Romec Ltd. It will involve a variation to the employee's contract of employment, with no break in service.

Where an employee elects to buy down grade then the individual would immediately assimilate to the lower grade and associated terms and conditions. He/she will (at his/her option) **either:**

Be paid a taxable lump sum payment equivalent to 2 years worth of the difference between basic pay immediately prior to buy down and basic pay of the new lower graded position.

Or

Continue to receive the level of basic pay being received immediately prior to the buy down for a period of 2 years after which time the individual will revert to the basic pay for the lower grade.

Agreement to and receipt of the compensation payment is subject to the employee's agreement that for a period of 2 years following compensation for reduction in grade, should services be terminated or promotion occur, then the appropriate proportion of compensation payment will be refunded and any owed monies may be deducted from wages, salary or any other payment due to be made by Romec Ltd, including any payment in respect of voluntary redundancy.

To minimise any salary discrepancies, where the move is to a lower pay scale, the pay to be applied in the new job should be the maximum of the grade of that new job. Before making a decision, individuals will be provided with a pension illustration.

- 9.8 **Voluntary Buy Down of Hours:** An employee may be permitted to reduce his/her hours to facilitate the placement of surplus employees. Such buy down would be on a voluntary basis and at the discretion of Romec Ltd.

Where an individual elects to buy down hours then the following formula for compensation would be applied:

$$\text{Voluntary Redundancy Compensation} \times \frac{\text{The number of hours to be bought out}}{\text{Contracted hours immediately prior to buy down}}$$

Agreement to and receipt of the compensation payment is subject to the employee's agreement that for a period of 2 years following compensation for reduction in hours, should services be terminated or promotion occur, then the appropriate proportion of compensation payment will be refunded and any owed monies may be deducted from wages, salary or any other payment due to be made by Romec Ltd, including any payment in respect of voluntary redundancy.

The individual will be issued with a new contract of employment setting out the new terms and conditions of employment following the buy down. Before making a decision, individuals will be provided with a pension illustration.

- 9.9 **Voluntary Redundancy:** Voluntary redundancy terms apply to all CWU represented grades under the age of 65 with more than two years aggregate service. Full terms are outlined in appendix 2.
- 9.10 **Excess Travel Expenses:** ETE terms will apply where an employee is travelling to a new work location to which he/she has been permanently transferred in order to take up suitable alternative employment. Employees will be able to claim twice the difference between the cost of travel from their home to the old location and their home and their new location for a period of 3 years from the date of transfer, up to a maximum of £15000. The payment is subject to tax and national insurance and will normally be made six monthly in advance. The amount claimed will not change during the three-year period unless the employee moves home or transfers again during that time or if they cease to incur extra costs. The sum may be paid as a single upfront lump sum payment, which will be subject to NI deductions and taxation as a beneficial loan. Such advance payment will be discounted by 12.5%.

Calculation of this sum is based upon the difference between the cost of a quarterly bus or rail season ticket for both the old and new journeys. If the individual travels by private vehicle their claim will still normally be calculated using the quarterly season ticket rate unless the cost of their travel is cheaper by private vehicle in which case individuals will be reimbursed for their travel by private vehicle on the basis below. If the journey is extremely difficult by public transport then their line manager may authorise the payment of excess mileage.

Calculation of excess mileage is based upon the following:

(Excess miles per week x rate per mile x 46 weeks) x 22

Rate – Exec or Job Need = appropriate fuel only rate

Rate – Private vehicle = lower standard vehicle rate for the first 45 miles of the total daily journey, plus the appropriate fuel only rate for mileage thereafter.

However costs are calculated the same rates to compare the old and new journey must be used.

If an employee leaves Romec Ltd during the three-year period to which this payment applies or moves to a location which attracts less ETE then the appropriate proportion of compensation payment will be refunded by the individual and may be deducted from wages, salary or any other payment made by Romec Ltd.

Payments will cease after more than 3 weeks absence from the new location (other than for annual leave). Payments will not be made during periods of industrial action. Payment will not be made during periods of maternity leave, however the payment period will be extended by the length of maternity leave. If the employee moves home during the three-year payment period the amount claimed will be recalculated by comparing the cost of the original home to work journey with the cost of the new journey. Calculation of the

excess cost is based on the fares that would have been paid to the new location at the time of the original transfer. The employee can still claim twice the difference for the remainder of the original three year period but the new claim after the move must not be more than the old one, i.e. it can only be the same or less.

If the employee is transferred again and is already claiming ETE payment for a transfer during the last three years the amount is recalculated when the employee transfers to their new location. The new rate will depend on whether the cost of the journey from home to the new location is more or less than the cost of the travel to the location to which they originally transferred. If the cost of the new journey is more, they will be able to claim the existing amount for the remainder of the original three year period and an additional amount equivalent to twice the difference between the excess cost of the travel from their home to the new location and the cost of travel from their home to the location they originally transferred to. Costs will be calculated at current fares or mileage rates and the new amount will be paid for three years from the new date of transfer. If the cost of the new journey is less, but still more than the home to office journey before the transfer, the amount that can be claimed will be recalculated using the fares or mileage rates which were in force when they first transferred and the new amount will be paid for the rest of the original three year period.

9.10.1 Additional Travelling Time Payment: Where commuting costs from home to the new work location are lower or the same as commuting costs to the old work location or where ETE produce an amount over 3 years of less than £800, a one off lump sum payment of £800 will be made if the journey to the new location takes more than an additional 15 minutes each way compared to the old journey. This payment is subject to tax and national insurance. Employees will not be entitled to claim both additional travelling time payment and ETE payment. This figure is repayable in full should the employee leave Romec Ltd employment or transfer again within a year following transfer.

9.10.2 Change in Work Location Payment: Where an employee is not entitled to ETE or Additional Travelling Time payment as described above, but is transferring to another work location under the terms of this agreement and is inconvenienced as a consequence, financially or otherwise a one off non-pensionable payment of £150 will be made after transfer.

9.11 Age Retirement: The normal retirement age for all CWU represented grades is 65 years. An employee (who is or has been a member of the Royal Mail Group Pension Plan or Savings Retirement Plan) may leave at any time after age 60 and on request receive an immediate and unreduced pension.

On request an employee (who is or has been a member of the Royal Mail Group Pension Plan or Savings Retirement Plan) may receive an unreduced pension at age 60 (subject to the rules of the relevant Plan and Inland Revenue limits) notwithstanding that he continues to be employed by Romec Ltd. Alternatively, an employee who is a member of either Plan may choose to continue paying contributions in order to accrue additional pension.

Employees over the age of 60 will not be eligible for any benefits under the Ill Health Retirement policy. Employees in the Royal Mail Group Pension Plan not already in receipt of their pension at age 60 (i.e. had elected to continue contributing) could have their accrued pension come into payment after their

last day of service (or sooner if they so elected).

- 10.0 **Criteria for Offering Voluntary Redundancy:** Where despite the application of the measures above a surplus situation is likely to remain, volunteers from the grade(s) in the redeployment unit may be released.

Voluntary Redundancy will be considered against the following criteria subject to the overriding requirement that it is commercially viable, and that offers of voluntary redundancy must be appropriate to and in the commercial and economic interests of Romec Ltd.

10.1 **That it is a legitimate and demonstrable redundancy.**

- i. That the employee is a surplus employee or a volunteer for Bumping.
- ii. Where Bumping occurs a clear audit trail must form part of the submission.
- iii. All reasonable efforts have been made to place the employee into suitable alternative employment and no such employment has been unreasonably refused by the employee.
- iv. That offering voluntary redundancy will result in a genuine headcount reduction that can be evidenced for audit purposes and a vacancy will not be permanently backfilled other than by a surplus employee in a Bumping situation.
- v. That the employee would not in any event have resigned, retired or been dismissed by any application of Personnel processes such as IPP, Conduct or Attendance procedures.

10.2 **Skills are not in short supply.**

- i. That the skills, knowledge and experience of the employee can be removed without impacting on business performance.
- ii. That the employee being considered does not have skills or capabilities which are known to be in short supply or that are known or expected to be required within the near future.

- 11.0 **Selection:** Release arrangements should initially be from the location and grades affected. These will be agreed locally reflecting business needs (such as the need to reflect an appropriate mix of skills and experience), and take into account age, seniority, costs, and individual preferences and personal circumstances.

In a surplus situation, where there is an over subscription of volunteers for redundancy, the following sequence for selection will apply. First volunteers will be selected in seniority order from relevant employees aged 55 and over. If there is still a need for volunteers, offers of voluntary redundancy will then be extended in seniority order to employees aged 54 and below subject to the requirement that voluntary redundancy will not be offered in such situations where the total cost (which can include redundancy compensation, immediate payment of pension, and pension enhancement) exceeds two years pay. Where there is no excess of volunteers for voluntary redundancy no cost ceiling will be applied. Where there are insufficient volunteers to account for the number of surplus employees, voluntary release may be extended to other CWU represented grades within the redeployment unit. If

necessary, it may be extended to other CWU represented grades outside that unit, including employees not actually surplus. It must be emphasised that extension of this kind should be considered only where it would effectively contribute to reducing numbers to the desired level and would not present difficulties in terms of filling the resultant vacancies - either by way of transfer in the same grade (with appropriate training) or by promotion. If nevertheless a surplus remains, the matter should be referred to the relevant Regional Manager and appropriate CWU representatives, who will jointly examine the situation to establish that all appropriate measures have been fully applied, and ensure that an adequate solution is developed taking into account all reasonable measures. Any unresolved difficulties should be referred to the respective Head Offices.

12. Compulsory Transfers, Re-grading and Redeployment Process

- 12.1 Employees are expected to accept an offer of suitable alternative employment where it is reasonable to do so and where the alternative job offered is expected to last for a period of not less than twelve months. In exceptional circumstances employees may be willing to work in a job which it is known is likely to disappear in a short period of time. In those circumstances it may be agreed with the employee that he/she takes that position, but that the search for suitable alternative employment on a permanent basis continues.
- 12.2 Surplus employees on maternity leave and long-term sick leave will be treated in the same way as all employees, in particular as regards consultation and in searching for and placing them into alternative employment, to the extent that this is practically possible. This is subject to the requirement to offer surplus employees on maternity leave any suitable (as that term is specifically used in the context of women on maternity leave – see para 11.4 below) alternative employment in preference to other surplus employees.
- 12.3 In accordance with legislative requirements, a surplus employee on maternity leave must be offered suitable alternative employment if it is available. Providing the work to be done is suitable in relation to the woman and appropriate for her to do and its terms and conditions as to capacity, place of employment and otherwise are not substantially less favourable to her, then she will be offered the position in preference to other surplus employees.
- 12.4 Where the contractual terms and conditions of the new job differ in any way from those of the employee's old or current employment (apart from very minor or trivial) then the employee will be allowed a trial period of four weeks at the beginning of that new job. The primary purpose of the trial period is to allow the employee to confirm that the new job is suitable.
- 12.5 All employees on career breaks will be informed of any surplus situations within their unit. Any of those employees whose career break is due to end within three months of a surplus situation being identified will be included automatically in any agreed preference exercise.
- 12.6 Should an employee indicate an unwillingness to accept a proposed job, the following steps will be applied:
 - i. The appropriate line manager will formally discuss the proposed appointment with the employee and identify any difficulties the employee may have. The employee will be advised of their right to be accompanied by a Trade Union representative or a colleague from the same work location.

- ii. The Line manager will consider the issues raised, make any enquiries necessary and discuss the findings with the employee. The employee will have the right to be accompanied by a Trade Union representative or by a colleague from the same work location. There will be three possible outcomes. Either: (a) the employee decides to take the job either permanently, for an agreed temporary period, or on a trial basis; (b) the Line manager agrees with the employee that the job is not suitable; (c) the employee persists in refusing the job. Additionally at the meeting, the employee must be advised that failure to accept a job offer which is considered by Romec Limited to be both suitable and reasonable is likely to lead to the employee being dismissed due to redundancy without compensation. Guidance as to determining what is suitable and reasonable is at Appendix 4.
- iii. If the employee persists in refusing the employment, the matter will be referred to Human Resources or an appointed manager independent to the process identified by the HR Director. The appointed advisor or manager will interview the employee, who may be accompanied by a Trade Union representative or a colleague from the same work location, and will explain the reasons for the Line manager's decision and, if that decision is held to be reasonable, the consequences of continuing with a refusal. The employee will be given the opportunity to make any representations that they wish. The appointed advisor or manager will make clear to the individual that if there are any personal circumstances pertinent to the case, these must be disclosed. The employee will be advised that, if there is information which has not been disclosed, then it will not be possible to raise this after the appointed advisor or manager has made their decision. If the employee's reasons are of a sensitive and personal nature that they are reluctant to disclose, they should be made aware of the provision of Employee Health Services.
- iv. There then follows a period of five working days during which: (a) The employee should reconsider his/her position. (b) The appointed advisor or manager will notify the designated representative of the CWU, who may wish to discuss the matter with him/her. (c) The appointed advisor or manager will consider the representations made by and on behalf of the employee and, where appropriate, discuss these and other relevant factors with a designated representative of the CWU before making a decision. In the unlikely event that the parties cannot agree on whether the job offer is reasonable, the appointed advisor or manager will make a decision on behalf of Romec Limited.
- v. Following that five working day period, the appointed advisor or manager will write to the employee confirming his/her decision as to whether the alternative employment is suitable and, if so, whether it is reasonable for the employee to refuse the appointment together with the reasons for that decision. (a) If the decision is that it is reasonable for the employee to refuse the appointment, the search for suitable alternative employment will continue. (b) If the decision is that it is unreasonable for the employee to refuse the appointment, they will also advise CWU Head Office. The employee will be given a further three working days to confirm whether they will accept the appointment. The employee will be advised that after this period the job vacancy for which they have been considered will be released to be filled by another available employee. The employee will also be advised that they will not have the opportunity to change their mind after

this time. However, RoMEC will continue to consider the employee for any other suitable jobs that arise in the same period.

- vi. If, after three working days, the employee continues to refuse the position or has failed to respond, they will be advised that, by unreasonably turning down a suitable job, they have forfeited their right to compensation upon termination of their employment by reason of redundancy. At the same time, CWU Head Office will be advised and given the opportunity to refer the matter to the Independent Appeals Panel. CWU will only refer cases to the Appeals Panel exceptionally. This is not intended as a normal course of events but to seek to ensure successful resolution in situations where Romec Limited and CWU are fundamentally at odds on a particular case.
 - vii. The Appeals Panel will consist of a senior member of the Human Resources Department nominated by Romec Limited, a Trade Union nominee identified by CWU Head Office, and a nominee from ACAS independent person who will act as chair.
 - viii. The Panel will review the reasonableness of the job offer and consider the information that the employee and the representative have already submitted during the previous stages of the process. They will not consider any new information that was not previously made available. Exceptionally, it is recognised that an individual may have circumstances of an extremely sensitive and personal nature that they felt unable to disclose previously. In such cases, the Panel would have to consider whether there was adequate reason for withholding this information and whether it was now appropriate to allow this to be taken into account.
 - ix. Where there are a number of cases relating to a particular location and work group, these cases where appropriate may be considered collectively.
 - x. If the decision of the Panel is that the job offer was reasonable and, therefore, that the employee's refusal was unreasonable, the employee will receive formal confirmation of the appeal decision. The employee will be allowed no further right of appeal.
 - xi. In cases which are **not** referred to the Appeals Panel, the employee will be given notice of termination of their employment at the appropriate time and their eventual dismissal will be without any compensation.
 - xii. Upon receipt of such notice, the employee will have one right of appeal against dismissal on the grounds that either the decision constitutes unlawful discrimination or that there has been a procedural error in the application of the process or that there is no genuine redundancy. An appeal must be lodged within five working days of receipt of the notice of dismissal and will be dealt with by the nominated Romec_appeals manager.
 - xiii. Whichever appeals process is applied, all efforts will be made to complete the appeal before the expiry of the employee's notice period. Where that is not possible, the employee's notice period will be extended accordingly, and the employee considered for any other suitable position that may arise before the last day of service.
13. **Resourcing Process:** Suitability for alternative employment will be based on skill requirements, experience and competency for the roles available. Where the

number of suitable volunteers exceeds positions available then seniority (period employed by Romec Ltd) will be the method of selection.

- 14. **Training:** Romec Ltd will make positive efforts to provide people with new skills in order for them to take up alternative employment. Exceptionally if there is a requirement for specific skills and knowledge as an essential pre-requisite it may be cost effective to provide the necessary training. Such exceptions will be considered on their merits.
- 15. **Advice:** Any employee affected by organisational changes will be offered an opportunity to discuss the matter with a HRA who will be able to advise on the financial arrangements available and any other assistance that could aid the search for alternative employment. This will include assistance with seeking and applying for jobs, interview techniques and retraining for new skills.

Anyone considering moving to an alternative Romec Ltd location should in the first instance seek advice from his or her line manager and will be offered an opportunity to visit the prospective location. Additional measures such as job shadowing for an agreed period of time may be considered.

Employees who have agreed to leave Romec Ltd and have secured employment outside the Company may apply to leave prior to their official departure date subject to business requirements and any such request will not be unreasonably refused.

- 16. **Notification to DTI:** Under the terms of the Trade Union Reform and Employment Rights Act, 1993, employers have a duty to consult with recognised trade unions and provide them and the DTI with certain information in relation to numbers and skills of employees affected by organisational changes. The provisions of the act will be fully complied with.
- 17. **Responsibilities and Procedures:** Romec Ltd Human Resources and CWU Representatives have particular responsibility for ensuring that this Agreement is observed in a manner consistent with its spirit and intent. Any case of unresolved difficulty on the interpretation of the agreement should be raised nationally.
- 18. **Review Date:** Romec Ltd will review this Agreement with the CWU within 12 months of its implementation.

SIGNED: _____

Dave Bowen
*HR & Organisational
Development Director
Romec Ltd*

Ray Ellis
*Assistant Secretary
CWU*

DATE: _____

Appendix 1

Protection Of Allowances

This document forms part of the Romec Ltd Agreement for Managing Surpluses in CWU Represented Grades and should be read in the context of the Agreement as a whole and all the documents which constitute it.

1. Protection of Pensionable Allowances – Employees under age 50, or 60 and above

Where the new job carried out by the employee, who is less than age 50, or age 60 or more, attracts a lower level of pensionable allowances than that received in total by the employee in his/her old job and, at the date his/her job ceases, the employee has been fulfilling a role to which these allowances applied continuously for:

- a) More than six months but less than twelve months he /she will be entitled to receive a lump sum payment equivalent to three months payment of the difference between the level of allowances in the old job and the new job;
- b) twelve months or more but less than twenty four months he /she will be entitled to receive a lump sum payment equivalent to six months payment of the difference between the level of allowances in the old job and the new job.

A sliding scale calculation based on yearly increments will then apply in respect of a maximum of eight years receipt of these allowances when the employee will be entitled to receive a lump sum payment equivalent to four years payment of the difference. Receipt of these allowances for more than eight years will not attract any additional payment.

Where the employee had been fulfilling the duty attracting pensionable allowances in his/her old job on a rotation basis payment, as set out above, will be made on a pro-rated basis, and calculated on actual earnings in the 6 months prior to the job ceasing.

There will be no requirement to recover such payments from the employee on leaving the business or returning to a higher level of earnings.

Any entitlement as a result of these protections will be set off against the amount of any increase in the employee's Pay, which the employee enjoys by reason of redeployment into the new job.

2. Protection of Pensionable Allowances – Employees aged 50 or more but less than 60

Employees who are aged 50 or more but less than 60, whose new job attracts a lower level of pensionable allowances than that received in total by the employee in his/her old job and, at the date his/her job ceases, the employee has been fulfilling a role to which these allowances applied continuously for more than six months, then he/she will continue to receive the difference between the old level of allowances and the new, as if they were still carrying out the previous role. This protection of allowance will continue for a maximum of ten years or until the employee is aged 60 whichever is the earlier.

Where the employee had been fulfilling the duty attracting pensionable allowances in his/her old job on a rotation basis payment, as set out above, will be made on a pro-rated basis.

Employees will be expected to take on responsibilities in the new job, which attract equivalent pensionable allowances to those earned in their old job wherever possible.

Any entitlement as a result of these protections will be set off against the amount of any increase in the employee's pay, which the employee enjoys by reason of redeployment into the new job.

a) Overtime And Non Pensionable Allowances Protection

Where an employee has earned overtime in the 13 weeks (or 3 months dependent on whether paid weekly or monthly) immediately prior to the move of job, where there is a reduced opportunity for overtime and other earnings he/she will receive a lump sum payment equivalent to the average difference of that last 13 week's overtime and allowances pay.

Any entitlement as a result of these protections will be set off against the amount of any increase in the employee's pay, which the employee enjoys by reason of redeployment into the new job.

4. Protection Of Regional Pay

Where the new job attracts a lesser amount of regional pay than the employee received in their old job and where the combined total of pay and regional pay of the new job are less than the combined pay and regional pay in the old job, a compensation payment will be made. A lump sum payment will be made, based on 3 times the difference between the combined pay and regional pay of the old and the new jobs subject to a maximum of the rates as set out below.

- a) Move from inner London to National pay area - £7000
- b) Move from outer London to National pay area - £3500
- c) Move from inner London to outer London - £3200

This lump sum will be paid in two equal annual instalments, the first payment being made with the employees next salary payment following the end of their trial period and confirmation into the new job. All payments will be subject to tax and NI and will only be made where the employee is in employment on the date for payment.

For employees whose hours are less than full time, the payment will be pro-rated.

Where an employee moves to a new job in which the regional pay and basic pay together exceed the amount of regional pay and basic pay of the old job no regional pay protection would be given.

If, within two years after the transfer the employee leaves Romec Ltd, or moves to an area with higher regional pay, any and all payments made will be recoverable in full. It is a condition of payment of the above sums that the employee agrees to such repayment and in particular that any outstanding monies may be deducted from monies owing to them by Romec Ltd.

In addition to the payments referred to above, the employee will continue to receive the regional pay element of his/her salary in his/her old job until such time as his level of Pay and regional pay in the new job (taken together) equates with or exceeds the

level of Pay and regional pay he/she was receiving in his/her old job immediately prior to the transfer.

Where the employee who is entitled to receive Protection of Regional Pay is aged between 50 and 60 he/she will have the option of continuing to receive the current level of regional pay until age 60 (maximum of 10 years) to maximise pensionable earnings, as an alternative to receiving the lump sum payments and mark time provision described above.

Where an employee is entitled to receive an excess travelling payment, regional pay protection will not be netted against the ETE ceiling.

Appendix 2

Voluntary Redundancy Terms

1. Employees with less than two years aggregate service **are not eligible to receive any compensation, but will generally have contributions to the Pensions or Savings Plans refunded subject to appropriate rules.**
2. **Employees with more than two years service** will be eligible for compensation payments as follows:
 - 2.1 **Aged under 60 and never been member of a Royal Mail Group Pensions Plan and all employees who are members of the Balfour Beatty Defined Contribution (DC) Scheme.**

Service	Compensation
Year 1 to 10	3 weeks pay for each complete and part year
Year 11 plus	4 weeks pay for each complete and part year
Plus	2 weeks pay for each complete and part year after 40 th birthday

Minimum compensation will be 6 months (26 weeks for weekly paid staff) pay subject to the provisions for abatement for employee's aged 62 and over.
Compensation subject to a maximum of two years pay.

- 2.2 **Compensation for employees aged under 60, but who have opted out of the Pensions Plan** will be as set out in the table above.
- 2.3 **Employees aged under 50 and members of Section A of the Pension Plan.** Only applicable to employees aged under 50 who have been in unbroken plan membership since before 1st December 1971 and have not yet opted for Section B benefits. Pension benefits deferred until age 60. However, Pension Plan members can opt for early payment of pension on actuarially reduced basis at any time from age 50.

Compensation payment based on:

- One months Pensionable Pay x Reckonable Service
- plus** one months Pensionable Pay x Reckonable Service after the later of the dates of completing five years service or reaching 30th birthday
- plus** one months Pensionable Pay x Reckonable Service following 35th birthday

Maximum compensation to be three years Pensionable Pay.

- a. **Employees aged under 50 who are members of Section B or C of the Pension Plan, or members of the Savings Plan.**

Compensation as set out in the table in 2.1

2.5 Employees aged 50-59 who are members of the Pension Plans

Immediate payment of pension and enhancement of Reckonable Service by the lower of 6 $\frac{2}{3}$ years (pro rata for part time employees) or that which could have been attained if service had continued to age 60.

Compensation equivalent to 6 months pay unless you have completed less than five years service in which case your compensation would be set out as per table in 2.1. This also applies if you are a member of the Savings plan.

Pension entitlement differs for Savings Plan members and is available separately.

2.6 Employees aged over 60

Compensation as set out in Paragraph 2.1, reduced by $\frac{1}{36}$ for each month or part month service after age 62. Immediate payment of pension where applicable.

Appendix 3

Definition Of Pay & Service

“Pay” means all of those payments and allowances made to the employee which are pensionable (except any lump-sum payment, including but not limited to, a payment under the Pay Protection Policy, buy-down payment or bonus payment, whether pensionable or not), plus any Unconsolidated Permanent Addition to Pay (“UPAP”) payable to the employee and will be calculated as being the average rate payable to the employee during the six months immediately prior to the date of termination of employment (“the Calculation Period”).

Where an employee has received a payment under a Buy-Down Policy, the Calculation Period will be reduced to cover only the period since either:

- (a) the Buy-Down (where that occurred during the Calculation Period); or,
- (b) the change in hours (where an employee has increased his/her hours such that he/she would be required to refund any portion of a Buy-Down lump-sum payment)

Whichever is the later.

Where an employee is on a career break immediately prior to the termination of his/her employment, the Calculation Period will be the six-month period immediately prior to the start of the career break.

Periods spent on maternity leave or long-term sick absence at any time during the relevant Calculation Period will be treated as if the employee was at work for the purposes of calculating Pay.

‘Service’ means the employee’s continuous service at the date of termination of his/her employment, plus any previous periods of permanent service for Romec Ltd or Royal Mail Group. It will not include any time worked in a casual capacity or any previous period of service upon the termination of which the employee received a redundancy or other severance payment or any period spent on a career break (including any periods worked). For the avoidance of doubt, periods spent on maternity leave, whether statutory or contractual and whether paid or unpaid and periods of employment prior to age 18 will count towards an employee’s service.

Appendix 4

Reasonableness and suitability of job offer: Considerations in individual cases

In judging whether a vacancy is a suitable alternative job for a particular employee and, if it is, and the employee refuses that vacancy, whether such a refusal is reasonable a number of factors need to be taken into account. It is the practice of an employment tribunal to consider the questions of suitability and reasonableness separately. Under suitability, the question to be asked is whether, on an objective assessment, the nature of the job offer makes it a suitable match for the particular employee; the question of reasonableness arises when the job itself is suitable but, for other reasons, the employee turns it down.

Outlined below are some factors to be taken into account when determining the suitability of a particular job and the reasonableness of an employee’s refusal of it. The first seven relate to suitability and the remainder, reasonableness, but certain factors will be relevant to the

other or both. The questions under the headings are examples only of what might be relevant to consider. In each case judgement will have to be exercised as to how significant the individual factor is.

Nature of the Work

Is the job one that the individual could reasonably be expected to do in terms of his/her age, experience and qualifications?

Pay and Earning Opportunities

Is the employee going to be offered similar earning opportunities as in their previous contract? Will he/she be significantly worse off?

Hours/Attendance Patterns

Are the hours significantly longer or shorter? Is the pattern of hours different? What are the prospects for overtime by comparison with the existing job?

Working Conditions

Are the working conditions suitable eg access for a disabled person?

Place of Work

Provisions for relocation and ETE payments. How much more travelling will be involved? Ability to arrive on time?

Travel

The individual's personal circumstances should be taken into account and their travel requirements balanced with the availability of public transport links, distance involved and the difficulty of making the journey.

Status/prospects

Would the job offered amount to a significant loss of status or job/career prospects?

Domestic Circumstances

Does the employee have children of school age who he/she does not want to move? Does he/she need to be located near to elderly parents because of caring responsibilities?

Health/medical grounds

Whether an employee has health reasons which would make a particular job unsuitable or difficult.

Maternity Leave – Special Considerations

Where a woman on maternity leave is or becomes a surplus employee, she is entitled to, and should be offered, any suitable alternative vacancy that exists, even if there are other surplus or redundant employees for whom that vacancy would be suitable. In accordance with legislative requirements, a vacancy will be deemed suitable in these circumstances where it involves work of a kind suitable in relation to that woman and appropriate for her to do in all the circumstances (including the fact of her having had a child) and the terms and conditions as to capacity, place of employment and otherwise are not substantially less favourable than she enjoys in the job which is to disappear.