

MTSF Amended Terms

The approach to change will continue to be in line with the Managing the Surplus Framework Agreement as amended below for Royal Mail Letters.

Royal Mail and the CWU recognise the need to amend the current MTSF arrangements for CWU represented grades across Royal Mail Group to:

Deal with the statutory change to the Minimum Pension Age and the change in the retirement age in the Royal Mail Pension Plan (RMPP);

Maximise the number of volunteers for redundancy with a suitable package for all age groups; and

Best support redeployment during the transformation period over the three years beginning from April 2010,

Both Royal Mail and CWU have agreed to phased changes as they are aware that some employees will have certain expectations based on the arrangements that were in place prior to 1 April 2010. Phase 1: a 6 month interim arrangement followed by Phase 2 from 1 October 2010.

Phase 1: Voluntary Redundancy with last day of service 1 April 2010 – 30 September 2010

Existing MtSF arrangements will remain in place for all employees, except for 50-54 year old RMPP qualifying members where the statutory change in the Minimum Pension Age means that they will only receive compensation based on aggregate service subject to a minimum of 6 months and a maximum of two years' pay, calculated as follows:

- 0.5 weeks' Pay for each full year of service where age during year less than 22
- 1 weeks' Pay for each full year of service where age during year is 22 or above, but less than 41
- 1.5 weeks' Pay for each full year of service where age during year is 41+ and multiplied by 3.75.

This interim arrangement applies to redundancies, applying the criteria in Appendix 5 in MtSF, where the employee has a last day of service of 30th September 2010 or earlier. Exceptionally these terms will also be available for employees offered Voluntary Redundancy in a site closure where most of the redundancies in relation to that site closure take effect before 30th September 2010.

Phase 2: Voluntary Redundancy with last date of service from 1 October 2010

The following provisions will apply from 1 October 2010.

As for Phase 1, except that

Qualifying members aged 55 – 64 will receive a pension enhancement by way of service credit of 37.5% of their prospective service up to NRA (65), subject to the RMPP Trust Deed & Rules, and cash compensation of 26 weeks' pay or a statutory redundancy payment, whichever is the greater.

The current age based selection criterion for voluntary redundancy will cease from 1 October 2010, but the other current selection criteria, including seniority, will remain unchanged.

Total cost of compensation (including pensions) will be limited to two times annual pay (as per the definition in MtSF) for all employees. If the total cost of compensation including pensions exceeds the above limit, cash compensation equivalent to two years' annual pay will be paid. This limit on total cost of compensation will be suspended for the life of this agreement and will be deployed from 1 April 2013.

If a redundancy exercise at a site means that employees offered voluntary redundancy are released on dates straddling a change in terms, all such employees will receive terms applicable at the beginning of the exercise.

Pay Protection

Royal Mail confirms that where in MtSF pensionable allowances are protected, these allowances will be protected regardless of whether the employee is a member of the Royal Mail Pension Plan.

Review

Royal Mail and CWU will jointly review these elements of the agreement (VR and ETE) in October 2012 in the light of the financial position of the company and the progress of the transformation programme.