



31 October 2011

Mr Andy Furey
CWU
150 The Broadway
Wimbledon
LONDON
SW19 1RX

Dear Andy

Subject: - Admin and Supply Chain Pay Offer 2011 / 14

Further to our recent meetings. I am writing to confirm the details of the 2011 / 2014 pay offer for Post Office Ltd Admin and Supply Chain colleagues.

The offer applies to all CWU represented Admin and Supply Chain grades based in cash centres, depots, Head Office functions, P&BA, FSA's, the Service Centre at Farnworth, the Inventory Teams and Swindon Stock Centre.

Although the Admin and Supply Chain communities have been discrete negotiations in the recent past, on this occasion we have agreed to your request to make this one negotiation. From a Supply Chain point of view we remain very much focused on making this a financially sustainable part of Post Office Ltd and we therefore believe that we would be better served pursuing our strategic agenda of efficiency and growth through a three year pay offer. As a consequence this is a three year pay offer for both communities, which is structured as follows: -

Admin – Pers Sec, CSA's, FSA's, and PO's
(Detail as outlined in Appendix A): -

- A year one **3.30%** consolidated pensionable increase; backdated to 1st April 2011, flowing through to overtime rates and allowances.
- With effect from 1st April 2012 a further consolidated pensionable increase of **3.50%**, flowing through to overtime rates and allowances.
- With effect from 1st April 2013 a further consolidated pensionable increase of **3.25%**, flowing through to overtime rates and allowances.
- London Weighting will increase by 1.4% in 11/12, by 3.5% in 12/13 and by 3.25% in 13/14.
- Annual bonus amounts, eligibility and payment arrangements remain unchanged for 11/12. For 12/13 and 13/14 the 'on target' potential will be uplifted to £880 and £900 respectively, with the exception of HRSC Admin grades whose bonus is already at a significantly higher level.



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Admin - PA's

(Detail as outlined in Appendix B): -

- A year one consolidated pensionable increase of **£14.00 per week**; backdated to 1st April 2011; flowing through to overtime and allowances.
- With effect from 1st April 2012 a further consolidated pensionable increase of **£14.00 per week**; flowing through to overtime and allowances.
- With effect from 1st April 2013 a further consolidated pensionable increase of **£14.00 per week**; flowing through to overtime and allowances.
- London Weighting will increase by 1.4% in 11/12, by 3.5% in 12/13 and by 3.25% in 13/14.

- Annual bonus amounts, eligibility and payment arrangements remain unchanged for 11/12. For 12/13 and 13/14 the 'on target' potential will be uplifted to £880 and £900 respectively.

Supply Chain – CL5's, LA1's, PO's and SO1's

(Detail as outlined in Appendix C): -

- A year one **3.30%** consolidated pensionable increase; backdated to 1st April 2011; flowing through to overtime and allowances.
- With effect from 1st April 2012 a further consolidated pensionable increase of **3.50%**; flowing through to overtime and allowances.
- With effect from 1st April 2013 a further consolidated pensionable increase of **3.25%**; flowing through to overtime and allowances.
- London Weighting will increase by 1.4% in 11/12, by 3.5% in 12/13 and by 3.25% in 13/14.
- From 1st April 2011 for Postal Officers, including PO reserve's, whose entire duties take place between 19:00hrs and 07:15hrs a new grade Postal Officer – Night Worker will be created. Postal Officer colleagues meeting this criteria will be classed as permanent night workers and as a direct consequence Night Duty Allowance will be consolidated into basic pensionable pay. Postal Officer colleagues whose duties do not meet this criteria will continue to receive the appropriate amount of NDA as a pensionable allowance.
- With effect, from 1st April 2011 the CL5 grade, (within Supply Chain), will be removed with all existing CL5's being regraded to Supply Chain Postal Officer grade.
- With effect from 1st April 2011 the £14.19 weekly non-pensionable allowance paid to SO1's becomes pensionable.
- A self funded annual bonus scheme, agreed as part of the 10/11 Pay Deal, will be introduced and will be based on the Post Office scorecard in 11/12 and from 12/13 onwards; 50% Post Office scorecard / 50% Supply Chain scorecard. The scheme has a minimum 'threshold of £425.00, an 'on target' potential of £850.00 per annum, and a 'stretch' potential of £1062.50, of which in 11/12 the first £425.00 is 'guaranteed'. From 12/13 this non-pensionable payment will be paid annually in arrears at the earliest opportunity after the scorecards are finalised and the year end accounts are published.



- For 12/13 and 13/14 the 'on target' potential will be uplifted to £880 and £900 respectively. Exceptionally, for 11/12, £500 of the bonus will be paid in December salaries.

Supply Chain – PA's

(Detail as outlined in Appendix D): -

- A year one consolidated pensionable increase of **£14.00 per week**; backdated to 1st April 2011; flowing through to overtime and allowances.
- With effect from 1st April 2012 a further consolidated pensionable increase of **£14.00 per week**; flowing through to overtime and allowances.
- With effect from 1st April 2013 a further consolidated pensionable increase of **£14.00 per week**; flowing through to overtime and allowances.
- London Weighting will increase by 1.4% in 11/12, by 3.5% in 12/13 and by 3.25% in 13/14.
- A self funded annual bonus scheme, agreed as part of the 10/11 Pay Deal, will be introduced and will be based on the Post Office scorecard in 11/12 and from 12/13 onwards; 50% Post Office scorecard / 50% Supply Chain scorecard. The scheme has a minimum 'threshold of £350.00, an 'on target' potential of £700.00 per annum, and a 'stretch' potential of £875.00, of which in 11/12 the first £425.00 is 'guaranteed'. From 12/13 this non-pensionable payment will be paid annually in arrears at the earliest opportunity after the scorecards are finalised and the year end accounts are published.
- For 12/13 and 13/14 the 'on target' potential will be uplifted to £730 and £750 respectively. Exceptionally, for 11/12, £500 of the bonus will be paid in December salaries.
- From 1st April 2011 for Postal Assistants, including PA reserve's, whose entire duties take place between 19:00hrs and 07:15hrs a new grade Postal Assistant – Night Worker will be created. Postal Assistant colleagues, meeting the criteria, will be classed as permanent night workers and as a direct consequence Night Duty Allowance will be consolidated into basic pensionable pay. Postal Assistant colleagues whose duties do not meet the criteria will continue to receive the appropriate amount of NDA as a pensionable allowance.



Supply Chain – Crew, Crew Nightworkers, LGV and LGV Nightworkers, (Detail as outlined in Appendix E): -

- A year one consolidated pensionable increase of **£15.00 per week**; backdated to 1st April 2011; flowing through to overtime and allowances.
- With effect from 1st April 2012 a further consolidated pensionable increase of **£15.00 per week**; flowing through to overtime and allowances.
- With effect from 1st April 2013 a further consolidated pensionable increase of **£15.00 per week**; flowing through to overtime and allowances.
- London Weighting will increase by 1.4% in 11/12, by 3.5% in 12/13 and by 3.25% in 13/14.
- With effect from 1st April 2011 the CVIT skills allowance, for servicing ATM's, using CAT VIII's in single person mode and for driving LGV's will increase from £8.64 to £13.42 per day, (based upon a 5 day week duty), £16.78 per day (based upon a 4 day week duty) and £22.37 per day (based upon a 3 day week duty). Ad-hoc payments will reflect the duty being covered, i.e. 3, 4, or 5 day duty.
- A self funded annual bonus scheme, agreed as part of the 10/11 Pay Deal, will be introduced and will be based on the Post Office scorecard in 11/12 and from 12/13 onwards; 50% Post Office scorecard / 50% Supply Chain scorecard. The scheme has a minimum 'threshold of £425.00, an 'on target' potential of £850.00 per annum, and a 'stretch' potential of £1062.50, of which in 11/12 the first £425.00 is 'guaranteed'. From 12/13 this non-pensionable payment will be paid annually in arrears at the earliest opportunity after the scorecards are finalised and the year end accounts are published.
- For 12/13 and 13/14 the 'on target' potential will be uplifted to £880 and £900 respectively. Exceptionally, for 11/12, £500 of the bonus will be paid in December salaries.

Increasing our efficiency, supported by continuous, high levels of, quality of customer service allows us to compete for and retain external business; which is key, to being able to, offer future job security and enhance terms and conditions. This agreement also enshrines a commitment that the CWU will engage with the business in meaningful talks on the structure and execution of a Supply Chain strategy, working together to agree the changes that are necessary to ensure a successful and sustainable operation.

The next pay date is 1st April 2014.

Yours sincerely

Matthew Starks
HR Director
Post Office Limited

Appendix A

Admin Grades - Pers Sec, CSA's, FSA's, and PO's



Grade	Current Pay Rates			New Pay Rates			Hourly
	Annual	Monthly	Weekly	Annual	Monthly	Weekly	
Personal Secretary	£22,805.00	£1,900.42	£437.36				
2011 / 12				£23,558.00	£1,963.17	£451.80	£12.91
2012 / 13				£24,383.00	£2,031.92	£467.62	£13.36
2013 / 14				£25,175.00	£2,097.92	£482.81	£13.79
Postal Officer	£20,325.00	£1,693.75	£389.79				
2011 / 12				£20,996.00	£1,749.67	£402.66	£11.50
2012 / 13				£21,731.00	£1,810.92	£416.76	£11.91
2013 / 14				£22,437.00	£1,869.75	£430.30	£12.29
HR CSA	£21,473.00	£1,789.42	£411.81				
2011 / 12				£22,182.00	£1,848.50	£425.41	£12.15
2012 / 13				£22,958.00	£1,913.17	£440.29	£12.58
2013 / 14				£23,704.00	£1,975.33	£454.60	£12.99
PO FSA	£21,520.00	£1,793.33	£412.94				
2011 / 12				£22,230.00	£1,852.50	£426.33	£12.18
2012 / 13				£23,008.00	£1,917.33	£441.25	£12.61
2013 / 14				£23,756.00	£1,979.67	£455.59	£13.02

Appendix B

Admin Grades – Postal Assistants

Grade	Current Pay Rates			New Pay Rates			Hourly
	Annual	Monthly	Weekly	Annual	Monthly	Weekly	
Postal Assistants	£16,946.00	£1,412.20	£325.00				
2011 / 12				£17,676.00	£1,473.00	£339.00	£9.69
2012 / 13				£18,406.00	£1,533.83	£353.00	£10.09
2013 / 14				£19,136.00	£1,594.67	£367.00	£10.49

Admin Grades - Pers Sec, CSA's, FSA's, and PO's Appendix C

Supply Chain – CL5's, LA1's, PO's and SO1's

Grade	Current Pay Rates			New Pay Rates			Hourly
	Annual	Monthly	Weekly	Annual	Monthly	Weekly	



CL5's	£19,868.00	£1,655.67	£381.03				
2011 / 12				Grade Redundant re-graded to Postal Officer			
2012 / 13							
2013 / 14							
Postal Officer	£20,774.00	£1,731.17	£398.41				
2011 / 12				£21,460.00	£1,788.33	£411.55	£11.76
2012 / 13				£22,211.00	£1,850.89	£425.96	£12.17
2013 / 14				£22,932.00	£1,911.04	£439.80	£12.57
Postal Officer – Night Worker							
2011 / 12				£26,181.00	£2,181.75	£502.09	£14.35
2012 / 13				£27,097.00	£2,258.08	£519.67	£14.85
2013 / 14				£27,978.00	£2,331.47	£536.56	£15.33
LA1's	£21,220.00	£1,768.33	£406.96				
2011 / 12				£21,920.00	£1,826.67	£420.39	£12.01
2012 / 13				£22,687.00	£1,890.62	£435.10	£12.43
2013 / 14				£23,425.00	£1,952.07	£449.24	£12.84
SO1's	£19,243.00	£1,603.58	£369.04				
2011 / 12				£19,878.00	£1,656.50	£381.22	£10.89
2012 / 13				£20,574.00	£1,714.48	£394.57	£11.27
2013 / 14				£21,242.00	£1,770.20	£407.39	£11.64



Appendix D

Supply Chain - Postal Assistant's & Postal Assistant – Night Worker

Grade	Current Pay Rates			New Pay Rates			Hourly
	Annual	Monthly	Weekly	Annual	Monthly	Weekly	
Postal Assistants	£16,946.43	£1,412.20	£325.00				
2011 / 12				£17,676.00	£1,473.00	£339.00	£9.69
2012 / 13				£18,406.00	£1,533.83	£353.00	£10.09
2013 / 14				£19,136.00	£1,594.67	£367.00	£10.49
Postal Assistant – Night Worker							
2011 / 12				£21,565.00	£1,797.08	£413.58	£11.82
2012 / 13				£22,456.00	£1,871.31	£430.66	£12.30
2013 / 14				£23,346.00	£1,945.53	£447.74	£12.79



Appendix F

We are pleased to confirm the detail of the bonus scheme for the majority of Admin and Supply Chain colleagues. In summary: -

- Bonus payments will be pro-rata for part-timers based on hours worked
- Linked to performance of Post Office balanced scorecard
- Four key areas - People, Customer, Performance and Financial
- Consistent with managers scheme measures
- Post Office threshold profit target needs to be met for bonuses to be paid
- Potential bonus of £850 for on target performance (for Supply Chain PA's the 'on target potential is £700.00)
- Stretch target offers a further 25% on top
- The scheme applies to all Admin colleagues, except those at HR Service Centre in Farnworth whose scheme remains unchanged

The scorecard measures

The Admin and Supply Chain bonus scheme has been designed to ensure it is linked to the four areas the business needs to perform in to be a success - People, Customer, Performance and Financial. These make up the Post Office balanced scorecard. Both manager grade and admin colleagues will be measured on the same elements. This means everyone is working towards the same thing.

Targets

Meeting the Post Office threshold profit target is a critical measure, so this is the one area where a gateway applies. So that needs to be met before any bonuses will be paid. There are both threshold and stretch targets against each measure in the Post Office balanced scorecard.



Stretch payments

There is also the potential to earn up to a further 25% on top (or any point between). Again this is the same % stretch available for middle managers. So Admin colleagues have the same opportunity to earn extra payments if the business performs well.

All annual payments are made in June 2012 salaries.

We believe that this scheme is fair for colleagues as it offers a good opportunity to earn a bonus, which is consistent with how managers in Post Office are being measured.

Post Office scorecard measures

Hover over the measure for more info

People measures

- Employee safety - RIDDORs [10%]
- Employee engagement [10%]
- Compliance [5%]

Customer measures

- Call Centre 3D [10%]
- Effect [10%]
- Impressions Count [5%]

Performance measures

- Focus product sales - net income [10%]
- All product contribution [15%]

Finance measures

- Post Office operating profit [10%]
- Free cashflow [10%]
- Total operating cost [5%]

