

# **MANAGING THE SURPLUS FRAMEWORK**

## **Administrative and Operational Grades**

## **Royal Mail Group Ltd**

### **Managing The Surplus Framework – Administrative and Operational Grades**

This Framework, which applies with effect from 18 March 2002, consists of a series of documents containing all the information relevant to the Royal Mail Group Ltd and CWU joint approach to the management of Surplus Employees and proposed redundancies in respect of all permanent Administrative and Operational Grades. For the avoidance of doubt this Framework does not apply to Administrative and Operational Grades on a temporary contract of whatever nature, including a “short-term temporary contract”. The Framework will always be deployed consistently with Royal Mail Group values and the principles set out in the Guide to Deployment of Managing the Surplus Framework. A glossary of terms used throughout the Framework follows.

The Managing the Surplus Framework (MTSF) will apply in all cases where a surplus situation is expected to occur with the potential for redundancies which will warrant the application of Statutory consultation and notifications. It will also cover those situations where redundancies are averted by the application of the principles of the MTSF at an earlier stage, prior to the point when statutory consultation would have been required. In all such cases the provisions of the policies contained within this framework will be applied. No employee will be disadvantaged or fail to be protected by the provisions of the MTSF policies because they have cooperated in early moves to other jobs or businesses which have alleviated the need for application of later stages of the MTSF processes such as the need for Voluntary Redundancies.

The pay protection part of MTSF has wider applicability than that described above and the details of this can be found at Appendix 2 Pay Protection Policy.

The terms of issue 5 of MTSF reflect changes agreed with CWU following the increase in normal retirement age for pensions purposes and minimum pension age in April 2010 and apply with effect from 1 October 2010, except as exceptionally set out in Appendices 6 and 7A and the general agreement to review.

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## **GLOSSARY OF TERMS USED IN THE MANAGING THE SURPLUS FRAMEWORK – ADMINISTRATIVE AND OPERATIONAL GRADES**

### **Administrative Grades**

Employees in administrative and analogous grades typically represented by the CWU. These include all LAs, POs, PAs and CSAs (irrespective of their work area) and those who may not be in what is deemed to be administrative work e.g. Call Centres or Counters and Cash Handling Centres, but whose work would be analogous to administration when seeking suitable alternative work. This includes counter clerks, typists, secretarial grades and IT administrative employees at the appropriate level.

### **Blocking (Deleted)**

### **Bumping**

The situation where a volunteer who is not a Surplus Employee has (through a preference exercise) expressed an interest in Voluntary Redundancy and is replaced by a Surplus Employee. In those circumstances, the employee who is replaced will leave Royal Mail Group by reason of redundancy on Voluntary Redundancy Terms.

### **Business Unit**

For the purposes of this document only, includes Post Office Ltd.

### **Gaining Business Unit**

The Business Unit (formerly Division/Function) in which a Surplus Employee is ultimately placed into suitable alternative employment. This may be the same as the Parent Business Unit.

### **People Change Network (Deleted)**

### **Managerial Grades**

Employees in jobs from grade ML5 or equivalent grades or pay bandings up to and including Band 7 (or equivalent). These employees are typically represented by Unite CMA.

### **Managing the Surplus Process**

The process described in the Managing the Surplus Policy.

### **The Vacancy Matching Process (Deleted)**

### **Operational Grades**

Employees typically represented by the CWU who are engaged in post person or analogous work or engineering technical grades.

### **Parent Business Unit**

The Business Unit (formerly Division/Function) that has ultimate responsibility for an employee immediately prior to that employee being declared to be a Surplus Employee.

**PCA (Deleted)**

**Redeployment Process**

The process by which the search for suitable alternative employment for Surplus Employees is conducted. The Redeployment Process is set out in Reducing the Surplus.

**Surplus Employee**

A permanent employee whose current job has disappeared or will disappear within a known time frame, or who has been selected from a pool as surplus.

**Termination by Mutual Agreement (TMA)**

An agreement reached by Royal Mail Group and an employee whereby the employee's contract of employment is terminated by mutual agreement on or before 31 March 2010. It is neither a dismissal nor a resignation.

**Voluntary Redundancy**

The situation where a Surplus Employee opts to leave Royal Mail Group on Voluntary Redundancy terms.

## MANAGING THE SURPLUS POLICY

*This document forms part of the Managing the Surplus Framework – Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

- 1 The aim of this policy is to provide clear direction on the way in which Surplus Employees will be managed throughout Royal Mail Group Ltd. It applies to all Administrative and Operational Grades.
- 2 This policy replaces the Postal Redundancy Agreement, the Job Security Agreements and any job security undertakings contained within any agreements, statements and policies across Royal Mail Group relating to the management of surplus staff. This policy sets out the way in which Surplus Employees and redundancy situations will be managed throughout Royal Mail Group.

This policy applies from 18 March 2002 as subsequently amended on 1st October 2003, May 2007, June 2007, March 2009 for minor terminology and procedural changes and in April 2010 to reflect changes agreed with CWU following the increase in normal retirement age for pensions purposes and minimum pension age in April 2010.

### 3 Policy Content

There are subsidiary policies, which are appendices to this Managing the Surplus policy. These are as follows: -

1. Bumping and Preference policy
2. Pay Protection policy
3. Buy down (grade) policy
4. Buy down (hours) policy
5. Criteria for offering Voluntary Redundancy
6. Voluntary Redundancy terms
7. Excess Travel Expenses policy
8. Age Retirement and Retention policy
9. Re-employment after Redundancy & Termination by Mutual Agreement

These should be read in context with the Managing the Surplus Framework.

### 4 Key Principles

- a) Individual Business Units will be responsible for co-ordinating the efforts to identify and secure suitable alternative employment for Surplus Employees.
- b) People issues will be managed in accordance with the Managing the Surplus Framework and the principles contained within the Royal Mail Group Purpose, Direction and Values statement
- c) The emphasis of this policy is that suitable alternative employment will be offered wherever possible to Surplus Employees with the priority being to maximise placement of employees into vacancies within Royal Mail Group (using the Redeployment Process). In order to achieve this a number of policies allowing employees to revert to a lower grade, or work less hours, or to mitigate any negative impact on transfer from one Business Unit to another have been developed and are set out in the Appendices to this policy.
- d) Bumping will also be used to facilitate the placement of Surplus Employees in accordance with the policy at Appendix 1.
- e) Excess Travel and Expenses (ETE) policies for surplus situations are at Appendices 7 and 7A.
- f) Voluntary Redundancy will be offered in appropriate circumstances. Business Units will assist in seeking external vacancies for those employees considering Voluntary Redundancy and training grants will be available for employees to undertake approved courses.
- g) Communication with employees and the trade unions is of paramount importance.
- h) Surplus Employees will be expected not to unreasonably refuse suitable alternative employment.
- i) This policy is part of the Managing the Surplus Framework and should be read in conjunction with all other documents, which form part of it.
- j) The overriding interests of Royal Mail Group as a whole (as distinct from that of any individual

Business Unit) will be the determining factor in all decisions made in accordance with this framework agreement.

- k) Royal Mail Group through its line managers will be responsible for ensuring all reasonably possible opportunities to find suitable alternative employment for Surplus Employees are pursued. Employees will also need to actively seek job opportunities and to take responsibility for their own development.

## 5 Trade Union and Employee Consultation

- a) Royal Mail Group and the Trade Unions are committed to working together to adopt a more constructive partnership approach called Strategic Involvement. Strategic Involvement means working together on the strategic development of the Business. Regular consultation meetings will share information on Royal Mail Group's current performance, trading position and future plans. This will also enable the CWU and the relevant Business Unit to identify staffing and workload forecasts.
- b) Formal statutory notification must be given to the CWU headquarters representatives of affected employees (not necessarily just the Surplus Employees) at the commencement of the consultation period. Information will be provided and consultation will take place in accordance with legal requirements. Projects involving lengthy timescales should be the subject of consultation with the CWU whilst the plans are at a formative stage meaning that the consultation period may be longer than the statutory minimum.
- c) In addition, Surplus Employees will be consulted on an individual basis as appropriate. In particular they will be advised of the position, the reasons for it and the likely impact on their job. Individual employee consultation can take place concurrent with the last two weeks of the statutory period and employees will be given at least two weeks notice of any change to their new job or placement.
- d) When a Business Unit identifies that it is likely to have Surplus Employees, this information will be shared with employees and the appropriate representatives of affected employees as soon as possible.
- e) It is recognised that in change situations individuals are concerned to know, as quickly as possible, what is happening to their jobs and what options are open to them. The joint aim will be to complete consultation within the minimum statutory timescale requirement.
- f) This approach to consultation does not remove the requirement and joint aims under the IR Framework and agreed timescales in other relevant agreements to consult on changes as early as is practicable.

## 6 Managing The Surplus Process

Administrative and Operational Surplus Employees will be identified as early as possible in order to maximise the potential for redeployment. Business Units will seek to identify job vacancy opportunities for Surplus Employees.

Further detail is given in the Reducing the Surplus policy and Supporting You Through Change (which forms part of this Framework) regarding the activities that will take place prior to step 1 occurring. Wherever possible a search for alternative employment opportunities will be carried out by the Business Unit as soon as a potential surplus situation is foreseen, in many cases prior to any individual Surplus Employee being identified.

### 6.1 Step 1 Placement

- a) The search for suitable alternative employment within Royal Mail Group, for the identified Surplus Employee, will start as soon as possible.
- b) Employees will be matched against vacancies on the basis of the suitability of the job.
- c) Where an employee has been matched against a suitable vacancy and a reasonable training need is identified to facilitate placement, appropriate training will be provided.
- d) A Surplus Employee placed in an alternative post will be entitled to Excess Travel Expenses in accordance with the policies at Appendix 7 or 7A and pay protection in accordance with Appendix 2, as appropriate.
- e) Employees will be expected to not unreasonably refuse an offer of suitable alternative employment. The process is defined within the Redeployment Process section of Reducing the

Surplus.

**6.3 Step 2 Voluntary Redundancy**

- a) If the employee remains unplaced, after Royal Mail Group has explored the opportunities for suitable alternative jobs and he/she meets the Voluntary Redundancy criteria set out at Appendix 5, the employee will be offered Voluntary Redundancy payable on the terms set out at Appendix 6. Offers will remain open for only a limited period of time, until the date that the proposed notice will commence. Any renewal of an offer after this date will be subject to the necessary concurrences being reviewed. Voluntary Redundancy will only be offered using the criteria at Appendix 5 and in accordance with the principles described in Roles and Responsibilities.
- b) If an employee accepts an offer of Voluntary Redundancy, he/she may apply to leave before any period of notice expires. A request from an employee to waive all or part of his/her notice period will not be unreasonably refused, subject to Royal Mail Group's ability to maintain its customer service.
- c) Outplacement support will be available for all employees who have been offered Voluntary Redundancy Terms (see Roles & Responsibilities).
- d) Employees may be required to sign compromise agreements where Royal Mail Group decides the circumstances are appropriate.

**6.4 Unresolved Surplus**

- a) Where it is identified during the statutory consultation period that full resolution of a surplus situation may not be achieved by application of measures to place employees into alternative jobs, identification of Voluntary Redundancy and some Surplus Employees will remain, Royal Mail Group and the CWU Head-office commit to discussion to resolve unplaced surplus staff as early as possible following the commencement of statutory consultation.
- b) In these urgent discussions both parties will 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. They will identify, and seek to agree, the necessary solutions for the unplaced surplus staff and a timetable for implementation of those solutions.
- c) Agreement to the timetable for the implementation of the agreed solutions will be completed within six weeks (which can be extended by mutual agreement) of the expiry of the minimum statutory consultation period. This further discussion will not delay the implementation of already identified staff moves, Voluntary Redundancy and other aspects of the planned change.

**7 Document details**

Effective from: *18 March 2002 (issue 1)*  
*1 October 2003 (issue 2)*  
*1 March 2009 (Issue 3)*  
*1 April 2010 (Issue 4)*



## Appendix 1

### Bumping & Preference Policy

*This document forms part of the Managing the Surplus Framework – Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework*

#### 1. Purpose

The aim of this policy is to provide clear direction on the way in which preference exercises and Bumping will be used throughout Royal Mail Group Ltd.

#### 2. Audience

This policy applies to all permanent Administrative and Operational Grades.

#### 3. Accountability

3.1 Preference exercises and Bumping will be the responsibility of the Business Unit HR Directors.  
Business Unit

3.2 HR Directors of all Business Units will have overall accountability for ensuring the success of cross Business Unit Preferencing and Bumping where it is required in order to resolve a surplus staffing situation within any part of Royal Mail Group. They will ensure that full support is given to the Business Unit with the primary surplus throughout the process.

#### 4. Communication

4.1 Preference exercises will be conducted by the Business Units to identify areas of preference such as mobility, preparedness to work reduced hours etc and of those interested in possible Voluntary Redundancy that might facilitate placement of Surplus Employees by Bumping.

4.2 The process and timing will be fully communicated to all interested parties for the particular exercise and all appropriate information will then be provided.

#### 5. Policy

5.1 Where it is in the interests of Royal Mail Group an employee (who is not a Surplus Employee) may leave Royal Mail Group on Voluntary Redundancy Terms where it would enable the direct placement of a Surplus Employee into his or her post.

5.2 Wherever practicable and where vacancies are not otherwise available, efforts will be made to find jobs for Surplus Employees by the deployment of Preferencing and a strictly controlled use of Bumping to identify volunteers for redundancy across all Business Units. Agreeing redeployment units and preference exercises with the appropriate CWU representatives will be the responsibility of the HR Directors of the Business Unit concerned.

5.3 When the re-deployment unit has been agreed, Preference Forms should be sent with a suitable covering letter to all employees within it (including any employees on temporary promotion either within or whose temporary promotion has placed them outside of that re-deployment unit).

5.4 In the unlikely event that agreement cannot be reached regarding the redeployment unit, the matter will urgently be referred to the Royal Mail Group and CWU headquarters who will resolve the matter in no more than five working days.

- 5.5 If, following an initial preference exercise undertaken amongst relevant employees in the appropriate Business Unit and location, it appears that it would be beneficial and result in increased placement of Surplus Employees to run a second and wider preference exercise to seek information on areas of preference such as Voluntary Redundancy, mobility, preparedness to work reduced hours etc. Business Units will be expected to do this.
- 5.6 Where it is evident from the outset that sufficient volunteers will not be found from within the Business Unit and location concerned, and where time is restricted, a wider preference will be organised simultaneously. However no more than two locations/Business Units will be involved in a single Bumping arrangement involving two individuals.
- 5.7 This wider preference exercise will be undertaken amongst all employees (in every Business Unit) of relevant grades<sup>1</sup> whose place of work is within a reasonable travelling distance or journey time of the location or locations of the relevant Surplus Employees.
- 5.8 The details of employees who express interest in taking Voluntary Redundancy (“Volunteers”) will be recorded by the Parent Business Unit and information relating to numbers, locations, skills and redundancy costs will be forwarded to the Business Unit who has the surplus staffing situation to resolve. The respective Business Units will jointly make appropriate concurrence and confirmation arrangements for those concerned. Such information showing interest in leaving on Voluntary Redundancy will continue to be held by the employee’s parent Business Unit and made available for any subsequent opportunities that occur, if not able to be applied in the current exercise. If the job of more than one Volunteer is suitable for a Surplus Employee, the Business Units ultimately responsible for those Volunteers will determine selection criteria.
- 5.9 Where an Administrative Grade Surplus Employee is potentially suitable for a post, details of the Surplus Employee will be sent to the Volunteer’s line manager to assess suitability in accordance with the principles set out in the Redeployment and Resourcing Processes. Consideration must be given to the skills, experience and suitability, as well as to the cost of training the Surplus Employee and the cost of allowing the Volunteer to leave on Voluntary Redundancy Terms . If the job of more than one Volunteer is suitable for a Surplus Employee, the Business Unit ultimately responsible for those Volunteers will determine selection.
- 5.10 **Deleted**
- 5.11 A Volunteer may at any time before accepting a formal offer to leave Royal Mail Group on Voluntary Redundancy Terms ask for the details of his/her job to be removed from the list held by his or her Business Unit.
- 5.12 Should the Volunteer change his/her job, he/she must inform his/her line manager who will remove his/her details.
- 5.13 Volunteers will not be disadvantaged in the furtherance of their career with Royal Mail Group or in any other way on the basis that they have expressed an interest in Voluntary Redundancy.
- 5.14 The cost of releasing the Volunteer on Voluntary Redundancy Terms will be borne by the Parent Business Unit of the Surplus Employee who replaces that Volunteer.

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<sup>1</sup> Relevant grades will include same grade, one grade below the grade of the potential Surplus Employees, and in certain specific circumstances may include one grade above (e.g. Operational Grade to operational front line M1.5 or PED). In the latter case appointment to the higher grade would only occur when full assessment had been satisfactorily completed and where there is no suitable Surplus Employee at the substantive grade of the Volunteer.

## Appendix 2

### Pay Protection Policy

*Note: this is the MtSF2a version of the Pay Protection policy – as appended to MtSF2a agreement.*

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1. **Purpose**  
The aim of this policy is to provide clear direction on the terms that will apply to Surplus Employees (and others who are displaced as a consequence of business driven change) placed into positions which attract less favourable terms and conditions in terms of basic pay, pensionable allowances and regional pay than they enjoy or enjoyed in their old job.
2. **Audience**  
This policy applies to all Administrative and Operational Grades of Surplus Employees of Royal Mail Group Ltd.
3. **Accountability**  
The HR Director of the Business Unit will retain overall accountability throughout the process and for the application of the policy.
4. **Communication**  
Affected employees will be individually notified by HR or their line manager who will explain the terms available to them.
5. **Policy**
  - 5.1 Every reasonable effort will be made to place an employee at his/her substantive grade and on equivalent terms, conditions and allowances; however there will be occasions where this is not possible.
    - 5.1.1 An employee who has been displaced as a consequence of business driven change cannot be found a suitable alternative job on the same terms and conditions, or allowances and who is matched against a position that attracts less favourable terms and conditions or allowances, because the new job is either at:
      - a) a lower grade in the same or a different Business Unit; or
      - b) a broadly similar level in another Business Unit with different pay structures; or
      - c) the same grade but which does not attract the same allowances or shift paymentsand would result in a reduction in basic pay or allowances will be entitled to the protection set out below.  
(For the avoidance of doubt where an employee is already in receipt of reserved rights this will continue to apply for its full duration.)
    - 5.1.2 Eligibility for pay protection will only occur where an employee is displaced and loses a level of pay as a consequence of a business driven change. Employees will not be eligible where they elect to change shift as part of a normal resourcing process or where individuals elect to participate in a re-sign voluntarily. Eligibility will be based on the combined total of Basic Pay, Pensionable Allowances and Regional Pay.
    - 5.1.3 Pay protection is intended to limit the change impact on individual employee's earnings and pensions in the most cost effective way for both the employee and Royal Mail Group. Such payments will cease being made to the employee on returning to his/her original level of earnings. Specific resourcing principles are set out in the Resourcing Process and should be referred to.

5.2 **Protection of Basic Pay**

Following appointment to the new job the employee will remain on the Pay Rate<sup>1</sup> of his/her substantive grade in his/her Parent Function in perpetuity from the date of transfer. Employees will be expected to accept a suitable and reasonable opportunity to return to a job at their protected grade.

5.3 **Protection of Pensionable Allowance<sup>2</sup>**

5.3.1 **Protection of Pensionable Allowances**

With effect from 1<sup>st</sup> June 2007, where the new job carried out by the employee attracts a lower level of pensionable allowances (and non-pensionable element of RM Letters Night Shift Allowance if appropriate) than that received in total by the employee in his/her old job and, at the date he/she is displaced from the job, the employee has been fulfilling a role to which these allowances applied continuously for the time period shown the employee will receive the compensation payment for the period as shown in the table below:

Time period where in receipt of that level of continuous allowances	Compensation Payment Period
< 6 months	0
6-12 months	17 weeks
12-18 months	34 weeks
18-24 months	1 year
24-36 months	1 year 17 weeks
+ 36 months	3 years

Compensation payment will be non-pensionable and subject to statutory deductions, and will be paid in line with employee's normal weekly/monthly pay frequency

5.3.2 The duration of pay protection will be determined by the length of time the employee has been in receipt of the level of pensionable allowances they receive at the date of displacement/redeployment. However, where employees have changed their role and permanently increased their pensionable allowance earnings in the calendar year prior to the date of MTSF pay protection application, pay protection shall instead be calculated against the pensionable allowance earnings in the role previous to the one they have been displaced from. This will provide a lower level of weekly/monthly pay protection but a longer protected period, with the duration of pay protection determined by the combined length of time the employee held the role immediately prior to being displaced, and the role prior to the role they held immediately prior to being displaced.

5.3.3 **Protection of Pensionable Allowances – Employees aged 50 or more**

Employees aged 50 or more at the date of the application of MTSF pay protection will have their pay protection calculated as in 5.3.1/5.3.2. However, where employees aged 50 or more are active contributory members of the RM Pension Plan, pay protection will be pensionable and contributory, and payment of the final third (rounded) of pay protection will be deferred until crystallisation of NRA 60 benefits, (i.e. benefits earned before 31 March 2010). This deferred element of pay protection will be made in the employee's final month of employment (or, if earlier, crystallisation of NRA60 benefits or cessation of active contributory pension scheme membership for employees reaching 45 years pensionable service ) such that it feeds into final salary pensionable earnings.

5.3.4 **Protection of pensionable allowances – general principles**

Where the employee had been fulfilling the duty attracting pensionable allowances in his/her old job on a rotational 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.

Principles describing how selection will occur for displacement of employees for whom protection of

<sup>1</sup> "Pay Rate" means the appropriate rate of basic salary (which for the avoidance of doubt does not include any elements of regional pay) including any increase, which may be awarded from time to time.

<sup>2</sup> "Pensionable Allowances" means those allowances defined as pensionable for pay purposes whether or not the employee is in fact a contributing member of the Royal Mail Pension Plan

pensionable allowances will apply can be found in the Resourcing Process section of this framework

#### 5.4 ***Protection of Regional Pay***

5.4.1 Where the new job attracts a lesser amount of regional pay than the employee received in his/her old job and where the combined total of the 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 in a) to c) below. This lump sum will be paid in two equal annual instalments, the first payment being made with the employee's next salary payment following the end of his/her trial period and confirmation into the new job. All payments will be made less the usual deductions, including tax and employee national insurance contributions and will only be made where the employee is in employment on the date of payment.

- a) Move from Inner London to National pay area - £7,000
- b) Move from Outer London to National pay area - £3,500
- c) Move from Inner London to Outer London - £3,200

5.4.2 For employees whose hours are less than full time the payment will be pro rata based on the employees' contracted hours.

5.4.3 Where an employee moves to a new job in which the regional pay and basic pay together exceed the amount of the regional pay and basic pay of the old job (whether or not a reduction in the regional pay element has occurred), no regional pay protection would be given.

5.4.4 If, within two years after the transfer the employee leaves Royal Mail Group, 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 him/her by Royal Mail Group.

5.4.5 In addition to the payments referred to above, the employee will continue to receive the regional pay element of his/her salary/wage 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.

5.4.6 Where the employee who is entitled to receive protection of regional pay is aged between 50 and 59 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.

5.4.7 Where an employee is entitled to receive an excess travelling payment, regional pay protection will not be netted against the Excess Travelling Expenses (ETE) ceiling.

#### 5.5 **Additional Protection where new job is at a lower grade**

5.5.1 Where the new job is at lower grade efforts will continue to be made to place the employee at his/her former substantive grade. The search for suitable alternative employment at his/her former substantive grade will continue.

5.5.2 If a Surplus Administrative Employee is placed into an operational role, the employee may elect to take Voluntary Redundancy instead of taking up the post.

#### 5.5.3 **Costs**

The costs associated with this policy will be borne by the parent Business Unit.

#### 5.6 **Movement to a job at a higher pay rate**

Where an employee is appointed to a post which is at a broadly similar level in another Business Unit but where the different pay structure will result in a higher pay rate than that he/she enjoyed immediately prior to the transfer, the employee will transfer to the new structure at the incremental step which is immediately above his or her current actual pay rate.



## Appendix 3

### Buy Down (grade) Policy

*This document forms part of the Managing the Surplus Framework – Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

#### 1. Purpose

The aim of this policy is to provide clear direction on how voluntary reduction in grade will be managed throughout Royal Mail Group Ltd.

#### 2. Audience

This policy applies to all Administrative and Operational Grades.

#### 3. Accountability

The HR Director of the Business Units will retain overall accountability throughout the process and for the application of the policy.

#### 4 Communication

4.1 Preference exercises will identify those interested in possible buy down of grade to facilitate the placement of a Surplus Employee.

4.2 Where opportunities occur individuals will be contacted to discuss possible arrangements.

#### 5 Policy

5.1 An employee may be permitted to reduce his/her grade (“Buy-Down”), where to do so would facilitate the placement of a Surplus Employee.

5.2 Buy-Down will be on a voluntary basis and at the discretion of Royal Mail Group. It will involve a variation to the employee’s contract of employment with no break in service.

5.3 Where the employee elects to Buy-Down, he/she will (at his/her option) **either**:

be paid a taxable lump sum payment equivalent to two years worth of the difference between the employee’s Pay<sup>1</sup> immediately prior to the transfer and the Pay applicable to the lower-graded new job as compensation (“the Compensation Payment”). Where this option is taken, the employee takes up the grade and all other terms and conditions of the new job immediately.

The Compensation Payment will be paid to the employee within 2 months of the employee’s commencement of the new job.

Agreement to and receipt of the Compensation Payment will be subject to the employee’s agreement that,

- 5.3.1
- a) upon termination of his/her employment for any reason whatsoever, or on promotion, during the period of two years immediately following the Compensation Payment (“the Compensation Period”), he/she will refund a proportion of the Compensation Payment to Royal Mail Group equivalent to the un-expired portion of the Compensation Period; and
  - b) any monies owing to him/her in this respect may be deducted from his/her wages/salary or any other payment due to be made from Royal Mail Group to him/her including any payment in

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<sup>1</sup> “Pay”, means basic salary

- respect of Voluntary Redundancy;
- or
- 5.3.2 Continue to receive the level of Pay that he/she was receiving immediately prior to the Buy-Down in the usual way for a period of two years following such Buy-Down (“the Reserved Rights Period”). At the end of the Reserved Rights Period, the employee will revert to the level of Pay for the lower grade.
- 5.4 To minimise salary discrepancies, in such cases 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.
- 5.5 For the avoidance of doubt, all other terms and conditions of employment will be those of the lower grade and new job immediately following the Buy Down.



## Appendix 4

### Buy Down (hours) Policy

*Note: This is based on the September 2007 version.*

*This document forms part of the Managing the Surplus Framework- Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

#### 1. Purpose

The aim of this policy is to provide clear direction on how voluntary reduction in hours will be managed throughout Royal Mail Group Ltd.

#### 2. Audience

This policy applies to all Administrative and Operational Grades.

#### 3 Accountability

The HR Director of the Business Unit will retain overall accountability throughout the process and for the application of the policy.

#### 4 Communication

4.1 Preference exercises will identify those interested in possible reduction in hours to facilitate placement of Surplus Employees.

4.2 Where opportunities occur individuals will be contacted to discuss possible arrangements.

#### 5.0 Policy

5.1 An employee may be permitted to reduce his/her hours ("Buy Down") where to do so would facilitate the placement of a Surplus Employee.

5.2 All such Buy-Downs will be on a voluntary basis and at the discretion of Royal Mail Group Ltd.

5.3 In consideration for agreeing to such reduction in hours, the employee will be paid compensation ("the Compensation Payment") for the loss of future redundancy rights.

5.4 The Compensation Payment will be an amount equivalent to the compensation otherwise payable to the employee in accordance with the Voluntary Redundancy Terms multiplied by A/B where

A = the employee's contracted hours immediately prior to the Buy-Down less the employee's contracted hours immediately following the Buy-Down, and

B = the employee's contracted hours immediately prior to the Buy-Down.

5.5 The Compensation Payment will be paid to the employee within their salary within 2 months following the Buy-Down. Subject to HMRC Regulations and rules, the first £30,000 will be paid without deduction of Income tax and employee National Insurance contributions. HR will issue the employee with a new contract of employment/ variation of contract (as appropriate) setting out the employee's new terms and conditions of employment following the Buy-Down.

5.6 If the employee is a member of the Royal Mail Pension Plan membership of the Plan will continue uninterrupted, albeit on pro rata part time contributions and accrual of benefits, subject to the Rules and Trust Deed relating to the Plan.

- 5.7 Agreement to the Buy-Down and receipt of the Compensation Payment will be subject to the employee's agreement that
- a) any future redundancy payment will be reduced as a result of moving to part time employment, with any subsequent redundancy payment based upon part time hours & pay. Note that the £30,000 relief can only be applied once per employer. In other words, say an employee reduced hours and was paid £20,000 tax free, in the event of a subsequent redundancy only the first £10,000 could be paid tax free.
  - b) upon termination of his/her employment except by reason of redundancy, or on increasing working hours or returning to full time work on a permanent basis, during the period of two years immediately following the Buy Down ("the Compensation Period"), he/she will refund a proportion of the Compensation Payment to Royal Mail equivalent to the unexpired portion of the Compensation Period.
- 5.8 Any hours worked in excess of the contracted hours, where the employee is in a grade that attracts overtime rates, will be at the flat hourly rate unless the total number of hours worked exceed what would constitute the normal full time hours. Overtime, paid in excess of the full time hours, will then be at the appropriate premium rate.
- 5.9 Any employee aged above 55 who requests a reduction in hours must have received clear information regarding the impact such a move would have on their pension. Should the employee wish to proceed, the calculation for compensation should be as for the under 55's.

## Appendix 5

### Criteria for offering Voluntary Redundancy

*This document forms part of the Managing the Surplus Framework – Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

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 Royal Mail Group

1. **That it is a legitimate and demonstrable redundancy**
  - a) That the employee is a Surplus Employee or a volunteer for Bumping.
  - b) Where Bumping occurs a clear audit trail must form part of the submission.
  - c) 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.
  - d) 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.
  - e) That the employee would not in any event have resigned or retired<sup>1</sup>, or been dismissed by any application of Personnel processes such as NCI, IPP, Conduct or Attendance procedures.
2. **Skills are not in short supply**
  - a) That the skills, knowledge and experience of the employee can be removed without impacting on business performance.
  - b) That the employee being considered does not have skills and capabilities which are known to be in short supply or that are known or expected to be required within the near future.

#### Selection

Offers of voluntary redundancy will initially be made to employees in the location(s), grades and skill groups affected. Providing the criteria set out above are met, where there is an oversubscription of volunteers for redundancy, volunteers will be selected in seniority order.

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<sup>1</sup> This is interpreted that anyone who has entered the duty to consider process prior to normal retirement will be treated as having entered into a process that would, in any event, result in retirement and will not be eligible for voluntary redundancy with compensation (MTSF2a).



## Appendix 6

### Voluntary Redundancy Terms

*This document forms part of the Managing the Surplus Framework – Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

These Voluntary Redundancy Terms apply to all permanent Administrative and Operational Grades where an offer of Voluntary Redundancy is made with a last day of service on or after 1 October 2010, except where an employee is located at a closing site where the majority of redundancies take effect before 30 September 2010, in which case the terms applying from April 2010 will apply. Payments under these terms are deemed to exhaust and include any statutory entitlement of an employee, although the minimum compensation payment payable will be an amount equivalent to the employee's Statutory Redundancy Payment entitlement (see Annex 1).

This document summarises various benefits under the Royal Mail Pension Plan ("the Plan") and the Royal Mail Defined Contribution Plan ("the DC Plan") which are both governed by formal legal documents. In the event of a conflict between the Trust Deeds governing the plans and this summary, the Trust Deeds must prevail.

#### **1. EMPLOYEES WITH LESS THAN TWO YEARS' AGGREGATE SERVICE**

Employees with less than two years' Aggregate Service<sup>1</sup> are not eligible to receive any compensation but will generally have any contributions to the Plan or the DC Plan refunded, subject to HM Revenue and Customs (HMRC) rules and the Rules of whichever plan he/she has joined.

#### **2. EMPLOYEES WITH TWO OR MORE YEARS' AGGREGATE SERVICE**

The minimum compensation payment for employees with two or more years' Aggregate Service will be 6 months' (26 weeks in the case of weekly paid employees) Pay<sup>2</sup>.

##### **2.1 EMPLOYEES WHO HAVE NEVER BEEN MEMBERS OF EITHER PLAN**

###### **Compensation**

Compensation will be based on Aggregate Service and will be **subject to 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;
- 1.0 weeks' Pay for each full year of service where age during year is 22 or above, but less than 41; and
- 1.5 weeks' Pay for each full year of service where age during year is 41+;

multiplied by 3.75.

##### **2.2 EMPLOYEES UNDER 65 WHO HAVE OPTED OUT OF THE PLAN**

<sup>1</sup> "Aggregate Service" means the employee's continuous service at the date of termination of his/her employment, plus any previous periods of permanent service for Royal Mail Group Ltd (and prior to 20 March 2007 Royal Mail Group plc, and prior to 4 November 2002, Consignia plc, and prior to 26 March 2001, The Post Office). 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 Aggregate Service.

<sup>2</sup> See Annex 2

**2.2.1 WITH LESS THAN 2 YEARS' *QUALIFYING SERVICE*<sup>3</sup> IN THE PLAN**

Compensation as set out at 2.1 above.

**2.2.2 WITH 2 YEARS' OR MORE *QUALIFYING SERVICE* IN THE PLAN**

Compensation as set out in 2.1 above and a deferred pension subject to the Rules of the Plan.

**2.3 EMPLOYEES AGED UNDER 55 WHO ARE MEMBERS OF THE PLANS**

**2.3.1 MEMBERS OF SECTION A OF THE PLAN<sup>4</sup> (*Deleted: No Longer Applicable*)**

**2.3.2 MEMBERS OF SECTIONS B OR C OF THE PLAN**

Compensation as set out at 2.1 above and a deferred pension subject to the Rules of the Plan.

**2.3.3 MEMBERS OF THE DC PLAN<sup>5</sup>**

**Compensation**

Compensation as set out in at 2.1 above.

**Pension**

The *Member's Account* can be transferred to another pension scheme or remain in the DC Plan until retirement subject to the Rules of the DC Plan. For the avoidance of doubt, no contribution is made to the DC Plan or any personal pension to provide additional benefits on Voluntary Redundancy.

**2.4 EMPLOYEES AGED 55- 64 WHO ARE MEMBERS OF THE PLANS**

**2.4.1 MEMBERS OF SECTIONS A/B OF THE PLAN (formerly POSSS)<sup>6</sup>**

**Pension**

Immediate payment of pension benefits accrued to date:

**PLUS**

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<sup>3</sup> The terms in *bold italics* are explained in the detailed guides for members of the Plan. The Plan is governed by formal legal documents and in the event of a conflict between the Trust Deed and this summary, the Trust Deed must prevail.

<sup>4</sup> The terms in *bold italics* in this section are explained in the detailed guide for members of Sections A/B of the Plan. The Plan is governed by formal legal documents and in the event of a conflict between the Trust Deed and this summary, the Trust Deed must prevail.

<sup>5</sup> The terms in *bold italics* in this section are explained in the detailed guide for members of the DC Plan. The DC Plan is governed by formal legal documents and, in the event of a conflict between the Trust Deed and this summary, the Trust Deed must prevail.

<sup>6</sup> The terms in *bold italics* in this section are explained in the detailed guide for members of Sections A/B of the Plan. The Plan is governed by formal legal documents and, in the event of a conflict between the Trust Deed and this summary, the Trust Deed must prevail.

An additional credit of 37.5 % of the *Reckonable Service* (pro-rata according to the hours worked in the case of part-time employees) which could have been attained if service had continued to 65, provided that in no case shall *Reckonable Service* be increased to more than double its length and subject to HMRC limits and the Rules of the Plan.

The additional *Reckonable Service* credit is calculated as 1/80th of *CSDB Pensionable Salary* over the last 12 months' *Reckonable Service* before retirement, for each year (and part year) of the additional *Reckonable Service* credit, plus

An additional lump sum calculated as 3 times this additional pension.

#### Compensation

*Either:* a compensation payment equivalent to 6 months' Pay;

*Or:* Statutory Redundancy Payment;

whichever is the greater.

Except in the case of employees who leave on Voluntary Redundancy with a last day of service before 1 April 2013 or on or after 1 April 2013 where that employee is offered Voluntary Redundancy as part of redundancy exercise at a site where employees are released on dates both before and after 1 April 2013, the terms in this section are subject to the total cost to the Employer of compensation and pension not exceeding two years' Pay. Where that cost limit is exceeded, the employee will be offered cash compensation equivalent to two years' Pay instead.

#### 2.4.2 MEMBERS OF SECTION C OF THE PLAN (formerly POPS)<sup>7</sup>

##### LESS THAN FIVE YEARS' COMPANY SERVICE (INCLUDING AT LEAST TWO YEARS' QUALIFYING SERVICE)

Compensation as at 2.1 above and a deferred pension subject to the Rules of the Plan

##### FIVE YEARS' OR MORE COMPANY SERVICE (INCLUDING AT LEAST TWO YEARS' QUALIFYING SERVICE)

#### Pension

Immediate payment of pension benefits accrued to date.

#### **Plus**

An additional credit of 37.5 % of the *Pensionable Service* (pro-rata according to the hours worked in the case of part-time employees) which could have been attained if service had continued to 65, provided that in no case shall *Pensionable Service* be increased to more than double its length and subject to HMRC limits and the Rules of the Plan.

*The additional Pensionable Service* credit is calculated as 1/60th of *CSDB Pensionable Pay* over the last 12 months' *Reckonable Service* before retirement, for each year (and part year) of the additional *Pensionable Service* credit.

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<sup>7</sup> The terms in *bold italics* in this section are explained in the detailed guide for members of Section C of the Plan. The Plan is governed by formal legal documents and, in the event of a conflict between the Trust Deed and this summary, the Trust Deed must prevail.

### **Compensation**

*Either:* a compensation payment equivalent to 6 months' pay;

*Or:* Statutory Redundancy Payment;

whichever is the greater.

**Except in the case of employees who leave on Voluntary Redundancy with a last day of service before 1 April 2013 or on or after 1 April 2013 where that employee is offered Voluntary Redundancy as part of redundancy exercise at a site where employees are released on dates both before and after 1 April 2013, , the terms in this section are subject to the total cost to the Employer of compensation and pension not exceeding two years' Pay. Where that cost limit is exceeded, the employee will be offered cash compensation equivalent to two years' Pay.**

#### **2.4.3 MEMBERS OF THE PLAN WHO HAVE TAKEN "FLEXIBLE RETIREMENT" ON OR AFTER 1 APRIL 2010**

From 1 April 2010, members of the Plan have the option to take NRA 60 pension benefits (i.e. benefits earned up to 31 March 2010), to remain in service and earn more pension benefits payable at age 65 (NRA 65 benefits). Members who take flexible retirement with NRA 60 benefits will continue to have the pension and compensation options set out at 2.4.1 and 2.4.2 above. All service with the Company will count for this purpose even if members have taken pension in respect of service before 1 April 2010.

Members who take NRA 65 benefits will be deemed to have opted out of the Plan and will receive compensation only as set out in at 2.1 above.

#### **2.4.4 MEMBERS OF THE DC PLAN<sup>8</sup>**

##### **Compensation**

Compensation as set out at 2.1 above.

##### **Pension**

A member aged over 55 leaving before normal retirement age can transfer his or her *Member's Account* to another pension scheme or leave their *Member's Account* in the DC Plan until normal retirement age subject to the Rules of the DC Plan. At any time from age 55, a member who has left Royal Mail Group employment may apply to use the value of the *Member's Account* to provide retirement benefits. For the avoidance of doubt, no contribution is made to the DC Plan or any personal pension to provide additional benefits on redundancy.

#### **2.5 EMPLOYEES AGED 65 YEARS AND OVER**

The Criteria for offering VR at Appendix 5 provide that anyone who has entered the duty to consider process prior to normal retirement will be treated as having entered into a process that

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<sup>8</sup> The terms in *bold italics* in this section are explained in the detailed guide for members of the DC Plan. The DC Plan is governed by formal legal documents and, in the event of a conflict between the Trust Deed and this summary, the Trust Deed must prevail.



would, in any event, result in retirement and will not be eligible for voluntary redundancy with compensation.

Any pension benefits not already taken will come into payment on or after retirement. For the avoidance of doubt, no additional service credit is payable to any member of the Plan on or after normal retirement age (65).

## Annex 1

### CALCULATION OF STATUTORY REDUNDANCY PAYMENTS

**Currently Statutory Redundancy Payments are calculated as follows:**

½ week's pay for each year of service up to and including age 21  
1 week's pay for each year of service from age 22 to 40 inclusive  
1 ½ weeks' pay for each year of service from age 41

The maximum continuous service that may be taken into account is the last 20 years and a week's pay is presently capped at £380 (with effect from 1 October 2009).

## Annex 2

"Pay" means all of those payments and allowances made to the employee which are pensionable or would be if the employee was a contributing member of the Royal Mail Pension Plan (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), 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; and

Pay will only include relevant payments and allowances made in respect of the reduced contracted hours..

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.

## Appendix 7

### Excess Travel Expenses Policy

*This document forms part of the Managing the Surplus Framework - Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

#### 1. Purpose

The aim of this policy is to set out the terms for excess travel expense payments (“ETE Payments”) incurred as a result of any transfer where ETE is appropriate or where an employee is travelling to a new work location to which they have permanently transferred as a result of the Managing the Surplus Policy in order to take up suitable alternative employment.

#### 2. Audience

This policy applies to all permanent Administrative and Operational Grades, except those who work in Royal Mail Letters Operations, Logistics and Network, Engineers, Fleet Maintenance Services and Royal Mail International business to whom Appendix 7 A applies, where the transfer takes place on or before 31 March 2013.

#### 3 Accountability

The HR Director of the Business Unit will retain overall accountability throughout the process and for the application of the policy.

#### 4. Key Principles

- 4.1 People issues will be handled under the principles in the Royal Mail Group Purpose, Direction and Values statement.
- 4.2 The overriding interests of Royal Mail Group as a whole (as distinct from that of any individual Business Unit) will be the determining factor in all decisions made.

#### 5 Policy

- 5.1 Employees will be able to claim TWICE the difference between the cost of the journey from their home to their old location and their home to the new location (“Excess Cost”) for a period of three years from the date of their transfer.
- 5.2 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 the extra costs (e.g. they are able to get to work with a lift from a colleague).
- 5.3 Payment will be made with salaries or wages. Tax and national insurance will be deducted from the amount paid.
- 5.4 ETE Payments will normally be made six monthly in advance. The maximum amount payable over three years will be £15,000. An employee entitled to receive an ETE payment can request that this sum is paid as a single up front lump sum payment (which will still be subject to NI and taxation deductions). Such advance payment will be discounted by 12.5%.
- 5.5 If an employee leaves Royal Mail Group (including Voluntary Redundancy) during the three year period to which this payment applies, or moves to a location which attracts less ETE, he / she will be required to repay a proportion of the net ETE payment to Royal Mail Group equivalent to the un-expired proportion of the three year period.

- 5.6 It is a condition of payment of the above sums that the employee agrees to re-payment and in particular that any outstanding monies may be deducted from monies to him / her by Royal Mail Group.
- 5.7 ETE payments will not be reduced to reflect any pay protection provided within the Managing the Surplus Framework. E.g. Where an employee is entitled to receive Protection of Regional Pay this sum will not affect the amount of Excess Travelling payment he/she is entitled to receive.
- 5.8 Payments will cease after more than three weeks' absence from the new location other than annual leave (e.g. working away from the office, on continuous paid or unpaid Special Leave including maternity leave, sick leave, career breaks etc.) when additional travelling costs will not be incurred. Payments will resume upon the original terms upon the employees return to work. Payments will not be made in respect of any periods of industrial action taken by the employee.
- 5.9 ***Additional travelling time<sup>1</sup>***  
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 three years) of less than £800, a one-off taxable lump sum payment of £800 will be made on transfer if the journey to the new work location takes more than an additional 15 minutes each way compared with the journey from home to the old location.
- 5.9.1 This payment will be based on each employee's journey to work and may not be pooled or aggregated in any way.
- 5.9.2 Payment will not be made if an employee is in receipt of ETE or relocation assistance but where that claim would have been less than £800 this payment will be made in its place.
- 5.9.3 For the avoidance of doubt the employee will under no circumstances be entitled to claim both additional travelling time payment and ETE. The £800 will be repayable in full if the employee leaves Royal Mail Group employment or transfers again within a year following transfer.
- 5.10 ***Change in work location payment<sup>2</sup>***  
Where an employee is not entitled to any ETE payment or Additional Travelling Time payment, as described in section 5.9 above, but is transferring to another work location under the terms of this framework, a one off non-pensionable payment of £150 will be made after transfer.
- 5.11 ***Calculation of Excess Cost***  
Excess Cost is calculated on the basis of the difference between the cost of a quarterly (bus or rail) season ticket for both the old and new journeys. If the employee travels by private vehicle their claim will still normally have to be calculated using the quarterly season ticket rates unless the cost of their travel by private vehicle is cheaper, in which case they will be reimbursed for their travel by private vehicle on the basis set out below.
- 5.11.1 If the employee's journey is particularly difficult by public transport their line manager may authorise the payment of excess mileage:
- a) *if the employee has a personal contract or Job Need Car:* the appropriate (petrol/diesel/turbo-diesel) fuel-only mileage rate applies

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<sup>1</sup> It is assumed that all payments under these provisions will be subject to Taxation and National Insurance deductions

<sup>2</sup> It is assumed that all payments under these provisions will be subject to Taxation and National Insurance deductions

b) *if the employee does not have a business vehicle (i.e. they use their own private vehicle):* the lower standard vehicle mileage rate (petrol/diesel/turbo-diesel/motorcycle/cycle) for the first 45 miles of their total daily journey (i.e. the combined outward and return journey from home), plus the appropriate fuel-only rate thereafter for any excess miles over 45 per day applies.

5.11.2 However the costs are calculated, the same rates to compare the old and new journeys must be used. Only fares or mileage as described above can be included in the calculations. Car parking charges must not be included. Tolls will be included.

5.11.3 If mileage rates are used to calculate Excess Cost the formula to calculate the payment is:  
a) Excess miles per week x appropriate rate(s) as above per mile x 46 weeks per year  
b) This amount reduced by any area adjustment (see following section)  
c) This amount is then doubled, and then divided by 2 to arrive at the six monthly advance payment, which will then be paid for a period of three years.  
ETE payments will not be made after the end of the period of three years from the date of transfer.

5.12 ***Maternity leave provision***

In cases where a woman is absent on maternity leave during the ETE payment period, the payment period will be extended by the length of her maternity leave on the basis that she is not paid ETE payments in respect of the period of maternity leave.

5.13 ***Transfers between different pay areas***

If the employee moves into the London or Defined Area pay areas on transfer, the additional London pay/Defined Area pay will be deducted from the difference in the cost of the journeys, before this is then doubled to compensate for tax and national insurance. The amounts to be deducted are standard sums and the current amounts are:

National to Inner London - deduct £1200  
Defined Area to Inner London - deduct £800  
National to Outer London or Outer to Inner London - deduct £600  
National to Defined Area - deduct £400  
Defined Area to Outer London - deduct £200

If the regional weighting received upon transfer is greater than the Excess Cost incurred, no ETE payment is payable.

5.14 ***If the employee moves home during the three year payment period***

5.14.1 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. Note that this applies only to moves of home that are privately funded - if the employee subsequently moves home within a relocation package (i.e. due to a subsequent long distance move of job) then any entitlement to ETE payments would cease at that point.

5.14.2 ***If the employee is transferred again***

If already claiming ETE payments for a transfer during the last three years, the amount will have to be 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 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.

5.15 ***If the employee has chosen to commute instead of moving home and subsequently changes his/her mind***

In some circumstances the employee may be entitled to home relocation assistance. If they were entitled to a house move and chose not to relocate (for whatever reason), they may at a later date change their mind. They will have twelve months from the date of transfer to change their original decision, after that, they will lose any entitlement to relocation funding. The total ETE payment received will be deducted from the total amount of relocation assistance for which they are eligible.

- 5.15.1 In no circumstances will an ETE payment be made where Royal Mail Group has contributed to the cost of relocation.

## Appendix 7A

### Excess Travel Expenses Policy (Letters Operations only)

*This document forms part of the Managing the Surplus Framework - Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

#### 1. Purpose

The aim of this policy is to set out the terms for excess travel expense payments (“ETE Payments”) incurred as a result of any transfer where ETE is appropriate or where an employee is travelling to a new work location to which they have permanently transferred as a result of the Managing the Surplus Policy in order to take up suitable alternative employment.

#### 2. Audience

This policy applies to all permanent Administrative and Operational Grades who work in Royal Mail Letters Operations, Logistics and Network, Engineers, Fleet Maintenance Services and Royal Mail International business where the transfer takes place on or before 31 March 2013.

#### 3 Accountability

The HR Director of the Business Unit will retain overall accountability throughout the process and for the application of the policy.

#### 4. Key Principles

4.1 People issues will be handled under the principles in the Royal Mail Group Purpose, Direction and Values statement.

4.2 The overriding interests of Royal Mail Group as a whole (as distinct from that of any individual Business Unit) will be the determining factor in all decisions made.

#### 5 Policy (for employees where additional travel cost is £1,250 per annum or less)

5.1 Employees will be able to claim TWICE the difference between the cost of the journey from their home to their old location and their home to the new location (“Excess Cost”) for a period of three years from the date of their transfer.

5.2 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 the extra costs (e.g. they are able to get to work with a lift from a colleague).

5.3 Payment will be made with salaries or wages. Tax and national insurance will be deducted from the amount paid.

5.4 ETE Payments will normally be made six monthly in advance. The maximum amount payable over three years will be £15,000. An employee entitled to receive an ETE payment can request that this sum is paid as a single up front lump sum payment (which will still be subject to NI and taxation deductions). Such advance payment will be discounted by 12.5%.

5.5 If an employee leaves Royal Mail Group (including Voluntary Redundancy) during the three year period to which this payment applies, or moves to a location which attracts less ETE, he / she will be required to repay a proportion of the net ETE payment to Royal Mail Group equivalent to the un-expired proportion of the three year period.

- 5.6 It is a condition of payment of the above sums that the employee agrees to re-payment and in particular that any outstanding monies may be deducted from monies to him / her by Royal Mail Group.
- 5.7 ETE payments will not be reduced to reflect any pay protection provided within the Managing the Surplus Framework. E.g. Where an employee is entitled to receive Protection of Regional Pay this sum will not affect the amount of Excess Travelling payment he/she is entitled to receive.
- 5.8 Payments will cease after more than three weeks' absence from the new location other than annual leave (e.g. working away from the office, on continuous paid or unpaid Special Leave including maternity leave, sick leave, career breaks etc.) when additional travelling costs will not be incurred. Payments will resume upon the original terms upon the employees return to work. Payments will not be made in respect of any periods of industrial action taken by the employee.
- 5.9 ***Additional travelling time<sup>1</sup>***  
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 three years) of less than £800, a one-off taxable lump sum payment of £800 will be made on transfer if the journey to the new work location takes more than an additional 15 minutes each way compared with the journey from home to the old location.
- 5.9.1 This payment will be based on each employee's journey to work and may not be pooled or aggregated in any way.
- 5.9.2 Payment will not be made if an employee is in receipt of ETE or relocation assistance but where that claim would have been less than £800 this payment will be made in its place.
- 5.9.3 For the avoidance of doubt the employee will under no circumstances be entitled to claim both additional travelling time payment and ETE. The £800 will be repayable in full if the employee leaves Royal Mail Group employment or transfers again within a year following transfer.
- 5.10 ***Change in work location payment<sup>2</sup>***  
Where an employee is not entitled to any ETE payment or Additional Travelling Time payment, as described in section 5.9 above, but is transferring to another work location under the terms of this framework, a one off non-pensionable payment of £150 will be made after transfer.
- 5.11 ***Calculation of Excess Cost***  
Excess Cost is calculated on the basis of the difference between the cost of a quarterly (bus or rail) season ticket for both the old and new journeys. If the employee travels by private vehicle their claim will still normally have to be calculated using the quarterly season ticket rates unless the cost of their travel by private vehicle is cheaper, in which case they will be reimbursed for their travel by private vehicle on the basis set out below.
- 5.11.1 If the employee's journey is particularly difficult by public transport their line manager may authorise the payment of excess mileage:
- a) *if the employee has a personal contract or Job Need Car:* the appropriate (petrol/diesel/turbo-diesel) fuel-only mileage rate applies

<sup>1</sup> It is assumed that all payments under these provisions will be subject to Taxation and National Insurance deductions

<sup>2</sup> It is assumed that all payments under these provisions will be subject to Taxation and National Insurance deductions



b) *if the employee does not have a business vehicle (i.e. they use their own private vehicle):* the lower standard vehicle mileage rate (petrol/diesel/turbo-diesel/motorcycle/cycle) for the first 45 miles of their total daily journey (i.e. the combined outward and return journey from home), plus the appropriate fuel-only rate thereafter for any excess miles over 45 per day applies.

5.11.2 However the costs are calculated, the same rates to compare the old and new journeys must be used. Only fares or mileage as described above can be included in the calculations. Car parking charges must not be included. Tolls will be included.

5.11.3 If mileage rates are used to calculate Excess Cost the formula to calculate the payment is:  
a) Excess miles per week x appropriate rate(s) as above per mile x 46 weeks per year  
b) This amount reduced by any area adjustment (see following section)  
c) This amount is then doubled, and then divided by 2 to arrive at the six monthly advance payment, which will then be paid for a period of three years.  
ETE payments will not be made after the end of the period of three years from the date of transfer.

5.12 ***Maternity leave provision***

In cases where a woman is absent on maternity leave during the ETE payment period, the payment period will be extended by the length of her maternity leave on the basis that she is not paid ETE payments in respect of the period of maternity leave.

5.13 ***Transfers between different pay areas***

If the employee moves into the London or Defined Area pay areas on transfer, the additional London pay/Defined Area pay will be deducted from the difference in the cost of the journeys, before this is then doubled to compensate for tax and national insurance. The amounts to be deducted are standard sums and the current amounts are:

National to Inner London - deduct £1200  
Defined Area to Inner London - deduct £800  
National to Outer London or Outer to Inner London - deduct £600  
National to Defined Area - deduct £400  
Defined Area to Outer London - deduct £200

If the regional weighting received upon transfer is greater than the Excess Cost incurred, no ETE payment is payable.

5.14 ***If the employee moves home during the three year payment period***

5.14.1 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. Note that this applies only to moves of home that are privately funded - if the employee subsequently moves home within a relocation package (i.e. due to a subsequent long distance move of job) then any entitlement to ETE payments would cease at that point.

5.14.2 ***If the employee is transferred again***

If already claiming ETE payments for a transfer during the last three years, the amount will have to be 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 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.

5.15 ***If the employee has chosen to commute instead of moving home and subsequently changes his/her mind***

In some circumstances the employee may be entitled to home relocation assistance. If they were entitled to a house move and chose not to relocate (for whatever reason), they may at a later date change their mind. They will have twelve months from the date of transfer to change their original decision, after that, they will lose any entitlement to relocation funding. The total ETE payment received will be deducted from the total amount of relocation assistance for which they are eligible.

5.15.1 In no circumstances will an ETE payment be made where Royal Mail Group has contributed to the cost of relocation.

**6 Policy for employees where additional travel cost is more than £1,250 per annum**

6.1 Employees will be able to claim:

- TWICE the difference between the cost of the journey from their home to their old location and their home to the new location ("Excess Cost") for a period of three years from the date of their transfer;
- the Excess Cost during the next year; and
- half the Excess Cost during the fifth and final year.

6.2 The value of the Excess Cost will not change during the five-year period, unless the employee moves home or transfers again during that time, or if they cease to incur the extra costs (e.g. they are able to get to work with a lift from a colleague).

6.3 Payment will be made with salaries or wages. Tax and national insurance will be deducted from the amount paid.

6.4 ETE Payments will normally be made weekly or monthly in line with the employee's pay frequency. The maximum amount payable over five years will be £20,000, with maximum annual payments subject to the figures stated in the table below. An employee entitled to receive an ETE payment can request that the sum equivalent to the amount payable over the first 3 years is paid as a single up front lump sum payment (which will still be subject to NI and taxation deductions). Such advance payment will be discounted by 12.5%. Payments in years 4 and 5 will be paid weekly or monthly in line with the employee's pay frequency.

Year	Maximum Amount Payable
1	£5333
2	£5333
3	£5333
4	£2667
5	£1334
Total	£20000

- 6.5 If an employee leaves Royal Mail Group (including Voluntary Redundancy) during the five year period to which this payment applies, or moves to a location which attracts less ETE, he / she will be required to repay a proportion of the net ETE payment to Royal Mail Group equivalent to the un-expired proportion of the five year period
- 6.6 It is a condition of payment of the above sums that the employee agrees to re-payment and in particular that any outstanding monies may be deducted from monies to him / her by Royal Mail Group.
- 6.7 ETE payments will not be reduced to reflect any pay protection provided within the Managing the Surplus Framework. E.g. Where an employee is entitled to receive Protection of Regional Pay this sum will not affect the amount of Excess Travelling payment he/she is entitled to receive.
- 6.8 Payments will cease after more than three weeks' absence from the new location other than annual leave (e.g. working away from the office, on continuous paid or unpaid Special Leave including maternity leave, sick leave, career breaks etc.) when additional travelling costs will not be incurred. Payments will resume upon the original terms upon the employees return to work. Payments will not be made in respect of any periods of industrial action taken by the employee.
- 5.9 ***Additional travelling time<sup>1</sup>***  
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 three years) of less than £800, a one-off taxable lump sum payment of £800 will be made on transfer if the journey to the new work location takes more than an additional 15 minutes each way compared with the journey from home to the old location.
- 6.9.1 This payment will be based on each employee's journey to work and may not be pooled or aggregated in any way.
- 6.9.2 Payment will not be made if an employee is in receipt of ETE or relocation assistance but where that claim would have been less than £800 this payment will be made in its place.
- 6.9.3 For the avoidance of doubt the employee will under no circumstances be entitled to claim both additional travelling time payment and ETE. The £800 will be repayable in full if the employee leaves Royal Mail Group employment or transfers again within a year following transfer.
- 6.10 ***Change in work location payment<sup>2</sup>***  
Where an employee is not entitled to any ETE payment or Additional Travelling Time payment, as described in section 6.9 above, but is transferring to another work location under the terms of this framework, a one off non-pensionable payment of £150 will be made after transfer.
- 6.11 ***Calculation of Excess Cost***  
Excess Cost is calculated on the basis of the difference between the cost of a quarterly (bus or rail) season ticket for both the old and new journeys. If the employee travels by private vehicle their claim will still normally have to be calculated using the quarterly season ticket rates unless the cost of their travel by private vehicle is cheaper, in which case they will be reimbursed for their travel by private vehicle on the basis set out below.
- 6.11.1 If the employee's journey is particularly difficult by public transport their line manager may authorise the payment of excess mileage:
- a) *if the employee has a personal contract or Job Need Car:* the appropriate

<sup>1</sup> It is assumed that all payments under these provisions will be subject to Taxation and National Insurance deductions

<sup>2</sup> It is assumed that all payments under these provisions will be subject to Taxation and National Insurance deductions

(petrol/diesel/turbo-diesel) fuel-only mileage rate applies

b) *if the employee does not have a business vehicle (i.e. they use their own private vehicle):* the lower standard vehicle mileage rate (petrol/diesel/turbo-diesel/motorcycle/cycle) for the first 45 miles of their total daily journey (i.e. the combined outward and return journey from home), plus the appropriate fuel-only rate thereafter for any excess miles over 45 per day applies.

6.11.2 However the costs are calculated, the same rates to compare the old and new journeys must be used. Only fares or mileage as described above can be included in the calculations. Car parking charges must not be included. Tolls will be included.

6.11.3 If mileage rates are used to calculate Excess Cost the formula to calculate the payment is:

a) Excess miles per week x appropriate rate(s) as above per mile x 46 weeks per year

b) This amount reduced by any area adjustment (see following section) and then the appropriate multiplier is applied as per para 6.1.

6.12 ***Maternity leave provision***

In cases where a woman is absent on maternity leave during the ETE payment period, the payment period will be extended by the length of her maternity leave on the basis that she is not paid ETE payments in respect of the period of maternity leave.

6.13 ***Transfers between different pay areas***

If the employee moves into the London or Defined Area pay areas on transfer, the additional London pay/Defined Area pay will be deducted from the difference in the cost of the journeys, before this is then doubled to compensate for tax and national insurance. The amounts to be deducted are standard sums and the current amounts are:

National to Inner London - deduct £1200

Defined Area to Inner London - deduct £800

National to Outer London or Outer to Inner London - deduct £600

National to Defined Area - deduct £400

Defined Area to Outer London - deduct £200

If the regional weighting received upon transfer is greater than the Excess Cost incurred, no ETE payment is payable.

6.14 If the employee moves home during the five year payment period

6.14.1 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 the difference as set out in 6.1 for the remainder of the original five 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. Note that this applies only to moves of home that are privately funded - if the employee subsequently moves home within a relocation package (i.e. due to a subsequent long distance move of job) then any entitlement to ETE payments would cease at that point.

6.14.2 ***If the employee is transferred again***

If already claiming ETE payments for a transfer during the last five years, the amount will have to be 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 five year period, and an additional amount equivalent to the difference between the Excess Cost of the travel from their home to the new location and the cost of travel from home to the location they originally transferred to calculated as set out in 6.1 above. Costs will be calculated at current fares or mileage rates and the new amount will be paid for five 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 five year period.

6.15 ***If the employee has chosen to commute instead of moving home and subsequently changes his/her mind***

In some circumstances the employee may be entitled to home relocation assistance. If they were entitled to a house move and chose not to relocate (for whatever reason), they may at a later date change their mind. They will have twelve months from the date of transfer to change their original decision, after that, they will lose any entitlement to relocation funding. The total ETE payment received will be deducted from the total amount of relocation assistance for which they are eligible.

6.15.1 In no circumstances will an ETE payment be made where Royal Mail Group has contributed to the cost of relocation.

**Appendix 8**

**Age Retirement and Retention Policy**

*REMOVED:* No longer applicable

## Appendix 9

### Termination by Mutual Agreement (TMA) Policy

*REMOVED*: No longer applicable

## Appendix 10

### Re-employment after Redundancy & after Termination by Mutual Agreement Policy

*This document forms part of the Managing the Surplus Framework – Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

#### 1. Purpose

The aim of this policy is to provide clear direction on how re-employment after redundancy and after Termination by Mutual Agreement (TMA) will be managed throughout Royal Mail Group Ltd.

#### 2 Audience

2.1 This policy applies to all existing and former employees of Royal Mail Group Ltd (Royal Mail Group Plc, Consignia plc or The Post Office).

2.2 This policy applies when the employee has been dismissed by Royal Mail Group by reason of redundancy or their contract of employment has been terminated by mutual agreement.

#### 3. Policy

##### 3.1 Background

3.1.1 To dismiss an employee by reason of redundancy with the expectation that they will be re-employed or subsequently engaged as a consultant is not a true redundancy. Such cases constitute a misapplication of Royal Mail Group's funds and in many cases a severe abuse of the Royal Mail Pension Plan.

3.1.2 It has also generally been held that to re-employ anyone within a period of six months following their redundancy leaves the individual and Royal Mail Group open to claims from HR Revenue and Customs (HMRC) and is in any event inappropriate, suggesting that the redundancy was not genuine.

##### 3.2 Guiding Principles

3.2.1 No one who has left Royal Mail Group (Consignia prior to 4 November 2002 and The Post Office prior to 26 March 2001) on the grounds of redundancy or TMA (on or before 31 March 2010) will be re-employed or engaged by Royal Mail Group on any type of employment or other contract, until at least a period of two years after termination of employment has elapsed or ever in the case of former employees in receipt of an enhanced pension on redundancy, or an unreduced pension under TMA. There will be rare exceptions to this e.g. BPCS engage consultant associates to carry out work for a third party.

##### 3.2.2 Paragraph Deleted

3.2.3 For the avoidance of doubt, there is no bar to appointment of former employees who have left by reason of redundancy or TMA as owner-drivers.

3.2.4 There is no bar to re-employment of former employees who have subsequently been made redundant by a Joint Venture company in which Royal Mail Group is a part owner.

3.2.5 Former employees who left Royal Mail as a result of a TUPE transfer or outsourcing can be re-employed. In these cases ex-employees can be re-employed without restriction provided that they are not in receipt of an enhanced pension on redundancy, or an unreduced pension under TMA from the Royal Mail Pension Plan and aged under 65.

##### 3.3 Deleted

3.4 *Former employees in receipt of an enhanced or unreduced pension under the Royal Mail Pension*



*Plan (typically over 50, or over 55 after 6 April 2010)*

3.4.1 **Background**

Such a former employee returning to work for Royal Mail Group could potentially be in receipt of a significant enhanced or unreduced pension and a full salary or consultant's fee at the same time. This would put that individual at a significant financial advantage over other colleagues.

3.4.2 **Deleted**

3.4.3 To allow an employee to be re-employed in these circumstances is grossly inequitable and financially unacceptable to Royal Mail Group. The cost to the Royal Mail Pension Plan or Royal Mail Group could be in excess of £200,000.

3.4.4 **Policy**

An individual who has left Royal Mail Group, Consignia plc or the Post Office on Voluntary Redundancy Terms (or equivalent) or TMA and who is in receipt of an enhanced pension on redundancy or an unreduced pension under TMA (on or before 31 March 2010) from the Royal Mail Pension Plan will **not** be re-employed or re-engaged under any circumstances.

3.5 *Former employees not in receipt of an enhanced or unreduced Royal Mail pension (usually under 50, or under 55 from 6 April 2010)*

3.5.1 **Background**

Such a former employee will have received a redundancy or TMA compensation payment, which could equate to as much as two years' gross earnings.

3.5.2 **Policy**

Royal Mail Group, Director P&OS approval must be sought prior to re-employment or re-engagement of such individuals. In that event individuals' continuity of employment will be broken.

3.5.3 An individual who has left Royal Mail Group plc, Consignia plc or The Post Office on Voluntary Redundancy Terms (or equivalent) or TMA but who is not in receipt of an enhanced pension on redundancy or an unreduced pension from the Royal Mail Pension Plan will not be re-employed or re-engaged before a period of two years has elapsed following the termination of employment.

3.5.4 **Deleted**

## **REDUCING THE SURPLUS – ADMINISTRATIVE AND OPERATIONAL GRADES**

*This document forms part of the Managing the Surplus Framework – Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

### **INTRODUCTION**

This policy applies to all Administrative and Operational grades of employees of Royal Mail Group Ltd.

The Redeployment Process and the Managing the Surplus Process will run in parallel and will overlap with each other to differing degrees depending on the circumstances of each case. The timeframes set out in the Managing the Surplus Process, therefore, will continue running whilst the Redeployment Process is followed.

As a result of the continuing structural changes made to Royal Mail Group, there is likely to continue to be a considerable number of unplaced employees.

Royal Mail Group has an excellent record of avoiding compulsory redundancy and will strive to continue that record. In turn all employees can help in that aim by co-operating with changes and by taking a flexible and open minded approach to acquiring new skills and moving into alternative or new jobs. Every effort will be made to enable those who wish to remain within their current Business Unit to do so where possible, but it is inevitable that some employees will need to be offered alternative employment within Royal Mail Group.

It is neither in the interest of the unplaced employee nor cost-effective for Royal Mail Group to maintain a significant surplus. Therefore, Royal Mail Group aims to reduce any surplus as quickly and sensitively as possible in line with overarching manpower projections.

To date, Royal Mail Group has:

- funded voluntary redundancy, enabling many of those made surplus as a result of restructuring to leave Royal Mail Group;
- introduced stringent control mechanisms for all resourcing activities so that those not initially placed in a templated role are considered for suitable alternative employment (either with or without training) and given preference when filling vacancies, subject to its obligations under the Disability Discrimination Act 1995.

Notwithstanding these measures Royal Mail Group needs to continue to minimise the number of unplaced employees. To achieve this Royal Mail Group will expect employees to accept reasonable alternative employment within Royal Mail Group.

### **PURPOSE**

The purpose of this paper is to provide a: -

- standard process for achieving maximum redeployment of Surplus Employees
- standard process for managing steps 1 and 2 of the Managing the Surplus Policy
- standard process (including appeal mechanisms) for dealing with unreasonable refusals of suitable alternative employment
- process to deal with unresolved surplus

### **MANAGING THE SURPLUS PROCESS**

The Managing the Surplus Process will commence upon completion of the following: -

1. Where a reduction in the number of jobs is anticipated as a result of a planned change programme, e.g. a move of location or a concentration, which would have been identified within the Business Unit Strategic Involvement forum with the CWU, this will be

- communicated prior to the decision being made and as early as possible before it is due to take effect.
2. Each Business Unit will identify as early as possible that they have or may have Surplus Employees. In areas where manpower data indicates a potential surplus of employees, a review of recruitment will take place as soon as possible and consideration should be given to:-
    - Adjustment of employee resourcing through natural wastage
    - Regulation of recruitment and levels of overtime
    - Permanent or temporary redeployment
    - Employment of Royal Mail Group staff on work carried out by contract labour
  3. Where a surplus is projected, the employee group into which the options set out below are to be applied should be negotiated without delay with the appropriate CWU representatives, having regard to the grade, skills, and locations of the surplus employees and the opportunities for alternative work.
  4. **Deleted.**
  5. The Business Unit commences statutory consultation by formally notifying the Headquarters of the respective Trade Union. Detailed guidance on statutory consultation appears in Guide to Deployment of Managing the Surplus Framework.
  6. Consideration will also be given to a number of activities that will facilitate the management of surplus. These will include voluntary conversion from full to part time working, adjustments to levels of overtime and scheduled attendance, reversion of temporary promotees, preferencing and bumping, voluntary redundancy and voluntary regrading.
  7. A search for alternative employment opportunities will be carried out by the Business Unit as soon as a potential surplus situation is foreseen. This should commence prior to any individual Surplus Employee being identified.
  8. Agreeing redeployment units and preference exercises with the appropriate CWU representatives will be the responsibility of the HR Director of the Business Unit concerned.
  9. A preference exercise will then be conducted.
  10. If it appears that it would facilitate increased placement of Surplus Employees to run a second and wider preference exercise (either subsequently or simultaneously) to identify potential volunteers for redundancy or to buy down their grade or hours, this will be done in accordance with the Bumping and Preference Policy. (Appendix 1 of the Managing the Surplus Policy).
  11. When the re-deployment unit has been agreed, Preference should be sent with a suitable covering letter to all employees within it (including any employees on temporary promotion either within or whose temporary promotion has placed them outside of that re-deployment unit).
  12. In the unlikely event that agreement cannot be reached regarding the redeployment unit, the matter will urgently be referred to the Director HR and CWU headquarters who will resolve the matter in no more than five working days.
  13. HR Directors of all Business Units will retain overall accountability for ensuring full support is given to the lead Business Unit throughout the process to ensure the success of cross Business Unit preferencing where it is required in order to resolve a surplus staffing situation within any part of Royal Mail Group.

14. After an employee has been identified by his/her Parent Division/Function as a Surplus Employee (or as part of a group from which there will be Surplus Employees) he/she will be notified of this by his/her line manager. (Standard Form 5.B should be used.)

15. **Deleted**

16. **Deleted**

#### **Step 1 - Placement**

1. An initial meeting will take place between the Surplus Employee and his/her line manager. If the employee wishes he or she may be accompanied by his/her Trade Union representative at this and any subsequent meetings in steps 1 and 2. At the meeting:
  - a) the employee will be given a copy of the appropriate sections of the Managing the Surplus Framework;
  - b) the line manager will explain the Managing the Surplus Process and how it applies;
  - c) the employee's preferences will be reviewed and an initial action plan drawn up; and
  - d) the line manager will make the employee aware of any suitable vacancies of which he/she knows, notwithstanding that the employee is not yet registered on any database.
2. **Deleted**
3. The line manager's primary role at this stage will be to facilitate placement of Surplus Employees into suitable alternative employment in accordance with the Redeployment Process. Any training needs to assist placement will be identified.
4. During step 1 the employee will be provided with details of the Voluntary Redundancy Terms that may subsequently be offered to him/her. This will allow him/her to consider all possible options.

#### **Step 2 – Voluntary Redundancy**

1. If, not more than two weeks before completion of statutory consultation, the employee:
  - a) remains unplaced; and
  - b) Royal Mail Group has explored the opportunities for suitable alternative jobs; and
  - c) meets the "Criteria for Offering Voluntary Redundancy" (Appendix 5 to the Managing the Surplus Policy).The Voluntary Severance Team will write to him/her offering Voluntary Redundancy.
2. The Voluntary Redundancy Terms are in Appendix 6 of the Managing the Surplus Policy.
3. An employee offered Voluntary Redundancy will have a defined period in which to accept that offer, failing which the offer will expire. Any renewal of this offer would be subject to review of the concurrences and confirmation that the employee could still not be found a suitable alternative job and if appropriate to recalculation of the offer based on a revised date of employment termination.
4. The line manager will commence a period of formal individual consultation with the employee during the last two weeks of the statutory consultation. Details of this can be found

in the Guide to Deployment of Managing the Surplus Framework.

5. Only once the statutory and individual consultation periods are completed can termination notice be given to the employee taking Voluntary Redundancy.
6. If an employee accepts an offer of Voluntary Redundancy he/she may apply to leave before any period of notice expires and any such request will not be unreasonably refused. In those circumstances, where the job has not ceased, the employee will waive his/her right to un-expired notice.
7. Efforts to find suitable alternative employment (if requested by the employee) will continue throughout any period of notice. If a suitable job is found after notice has been given (but before employment terminates) the employee will be given the choice of leaving on Voluntary Redundancy Terms or of accepting that alternative job. (If the terms and conditions of employment differ, the employee will be able to perform the job on a trial basis.)
8. Employees who have had their request for Voluntary Redundancy approved may wish to pursue a relevant training qualification externally which will help them find a job. In such cases Royal Mail Group Ltd will normally make available up to £500 (plus VAT) against invoices to fund approved courses. Exceptionally up to £1,000 (plus VAT) may be considered where a particular training programme is specifically related and necessary to the career the employee intends to pursue.

### **Unresolved Surplus**

Where it is identified during the statutory consultation period that full resolution of a surplus situation may not be achieved by application of measures to place employees into alternative jobs and identification of Voluntary Redundancy and some surplus staff will remain, the Director Royal Mail Group and the CWU Head-office commit to discussion to resolve unplaced surplus staff as early as possible following the commencement of statutory consultation.

In these urgent discussions both parties will 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. They will identify, and seek to agree, the necessary solutions for the unplaced surplus staff and a timetable for implementation of those solutions.

Agreement to the timetable for the implementation of the agreed solutions will be completed within six weeks (which can be extended by mutual agreement) of the expiry of the minimum statutory consultation period. This further discussion will not delay the implementation of already identified staff moves, Voluntary Redundancy and other aspects of the planned change.

### **Line Management of Surplus Employees**

The Surplus Employee will continue to be line managed by the Parent Business Unit after their job comes to an end. The employee will retain their terms and conditions and receive any subsequent increases in pay and related matters in their Business Unit for as long as they remain surplus.

### **REDEPLOYMENT PROCESS**

The emphasis of the Managing the Surplus Policy is that suitable alternative employment will be offered wherever possible to Surplus Employees with the priority being to maximise placement of employees into vacancies (including by use of the Bumping and Preference Policy)..

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.

- 2 For Administrative Grades, the skills, geographical location and grades details of every Surplus Employee will be compared with those of actual and expected vacancies (including any potential vacancies created as a result of Bumping)..
- 3 The Business Unit (in the light of the considerations at Appendix A) will work with the Surplus Employee towards achieving a successful redeployment. If all parties agree that the proposed appointment is appropriate the placement is confirmed. The appropriate appendices to the Managing the Surplus Policy will apply.
- 4 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 this is practicably 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 5 below) alternative employment in preference to other Surplus Employees. (See Appendix A)
- 5 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.
- 6 All employees on career breaks will be informed of any surplus situations within their unit, area, region or function. 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 the Managing the Surplus Process.
- 7 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. Further information and a standard form of letter regarding trial periods can be found at Appendix B and Forms 4.B. and 4.C. of Standard forms in Section 7 of the Framework respectively.
- 8 Where an employee has been matched with a suitable vacancy and a training need is identified to facilitate placement, appropriate training will be provided. Where a trial period needs to be extended to incorporate the necessary training the appropriate manager will make the arrangements. The length and terms of all trial periods will be confirmed in writing with the employee before the trial begins. Where the trial is for a period of more than four weeks this will be agreed in advance between the employee and his/her manager.
- 9 Should an employee indicate an unwillingness to accept a proposed job the following steps will be applied in sequence: -
  - a) The appropriate manager will formally discuss with the employee the likely appointment and identify any difficulties that the employee may have. The employee will be advised of their right to be accompanied at the discussion by the trade union representative or by a colleague from the same location.
  - b) The manager will consider the issues raised, make any necessary enquiries, and put the results of the enquiries to the employee. If requested the employee may be accompanied by the Trade Union representative or by a colleague from the same location at that latter meeting. That meeting will have three possible outcomes. Either:
    - i) the employee decides to take the job either permanently, for an agreed temporary period, or on a trial basis; or

- ii) the manager agrees with the employee that the job is not suitable; or
- iii) the employee persists in refusing the job.

Additionally at that meeting the employee must be advised that failure to accept a job offer, which is considered by Royal Mail Group to be both suitable and reasonable, is likely to lead to that individual being dismissed due to redundancy without compensation. Guidance as to determining what is suitable and reasonable is at Appendix A

- c) If the employee decides to take the job either on trial, on an agreed temporary period, or on a permanent basis, the manager will confirm the decision to the employee in writing and to the gaining unit.
- d) If the manager agrees with the employee that the job is not suitable then he/she will return to his/her old job and the search for alternative employment will continue. (Standard Form 4.D is a sample letter to employees who have reasonably refused alternative employment.)
- e) In the event that the employee persists in refusing the appointment, the manager will refer the matter to the relevant HR Business Partner of the appropriate Business Unit. (Standard Form 4.E is a sample letter to an Employee who is unreasonably refusing alternative employment.)
- f) The HR Business Partner will interview the employee (if requested, the employee may be accompanied by the Trade Union representative or by a colleague from the same location). The HR Business Partner will explain the reasons for the manager's decision and, if that decision is held to be reasonable, the consequences of continuing with that refusal. The employee will be given the opportunity to make any representations that he/she wishes. The HR Business Partner will make clear to the individual that if there are any personal circumstances that are 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 HR Business Partner has made their decision, nor can new information be taken into account in any subsequent appeal. If the employee has reasons that 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
- g) There then follows a period of five working days during which:
  - i) the employee should reconsider his/her position; and
  - ii) the HR Business Partner will notify the designated representative of the CWU (a list of appropriate designated representatives will be provided by CWU) who may wish to discuss the matter with the HR Business Partner; and
  - iii) the HR Business Partner will consider the representations made by and on behalf of the employee and where appropriate discuss these and other relevant factors with the designated representative of the CWU before making a decision. In the unlikely event that the parties cannot agree whether the job offer is reasonable, the HR Business Partner will make the decision on behalf of Royal Mail Group.
- h) Following that five working day period the HR Business Partner 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 reasons for that decision.
  - i) If the HR Business Partner's decision is that it is reasonable for the employee to refuse the appointment, the search for suitable alternative employment will

continue.

- ii) If the HR Business Partner's decision is that it is unreasonable for the employee to refuse the appointment, they will also advise CWU head office. The employee is given a further 3 working days to confirm whether he/she will accept the appointment. At this stage, the employee will be advised that after this 3 working day period the job vacancy that they have been considered for will be released to be filled by another available employee. Beyond this stage, the employee should be advised that they do not have the opportunity to change their mind and to decide to take the job that has been offered. The manager though will continue to look for suitable jobs for the employee. (Standard Form 4.F is a sample letter to an Employee who has unreasonably refused alternative employment.)
- i) If the employee then decides to take the job either on trial, an agreed temporary basis (in which case the search for suitable alternative employment will continue) or on a permanent basis, the manager will confirm the position to the employee and to the gaining unit in writing.
- j) If after the 3 working days period, the employee continues to refuse the position, or has failed to respond, the employee will be advised that by unreasonably turning down a suitable job, he/she has forfeited their right to any compensation upon termination of his/her employment by reason of redundancy.
- k) Simultaneous to this communication to the employee, a copy will be sent to CWU head office, who may refer the matter to the Independent Appeals Panel.
- l) CWU will only refer cases to the Independent Appeals Panel exceptionally. This is not designed as the normal course of events but one to seek to ensure successful resolution in situations where the CWU and Royal Mail Group are fundamentally at odds in a particular case.
- m) Where an employee is found to have unreasonably refused an offer of suitable alternative employment, he/she will be given notice of termination of his/her employment at the appropriate time (and not before the completion of statutory and individual consultation) and his/her eventual dismissal will be without any compensation. (See Standard Forms 4.G which is a letter confirming Forfeiture of Compensation and 4.H is a notice of dismissal.)
- n) 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 there has been a procedural error in the application of the process or there is no genuine redundancy. An appeal must be lodged within five working days of receipt of the notice of dismissal. The search for suitable alternative employment will continue up until the last day of service.
- o) The Independent Appeals Panel will consist of a senior HR manager nominated by Royal Mail Group, a Trade Union nominee identified by CWU Head office and a nominee from ACAS who will act as Chair.
- p) Royal Mail will set up the panel as soon as practicable.
- q) The panel will review the reasonableness of the job offer. They will 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 to the HR Business Partner. Exceptionally, it is recognised that an individual may have circumstances of an extremely sensitive and personal nature that he/she felt they were not able to disclose previously. In such



cases the Panel would have to consider whether there was adequate reason for withholding this information and whether it is now appropriate to allow this to be taken into account.

- r) Where there are a number of cases relating to a particular location and work group these cases where appropriate may be considered collectively.
- s) The panel will reach a decision and make their recommendation to Royal Mail Group who would be expected to abide by its decision, however the final decision will always ultimately rest with Royal Mail Group.
- t) 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.
- u) If the decision of the panel is that the job offer was not reasonable, and therefore the employee's refusal was reasonable, the manager will continue to search for suitable alternative employment.
- v) 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.

**Full documentation must be maintained throughout the process. This includes keeping copies of all meeting notes, letters and other documentation generated (e.g. notes of interviews, placement letters).**

## Appendix A

### CONSIDERATIONS - INDIVIDUAL CASES

It is incumbent upon managers to consider the vacancies and, by talking with the employee concerned, exercise their own judgment as to whether a vacancy is in fact a suitable alternative job. If it is, and the employee refuses to be put forward for it, it is for the manager to determine whether such refusal is reasonable.

It is useful (and indeed is the practice of the Employment Tribunal) to consider the questions of suitability and reasonableness separately. In theory, under suitability the question to be asked is whether, on an objective assessment, the nature of the job offered 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.

Set out below are the 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 are generally considered to relate to the question of suitability and the remainder, reasonableness, but, as mentioned above, it is likely that certain factors will be relevant to the other or both.

The questions under the headings are examples only of what it might be relevant to consider. In each case the manager will have to exercise his/her judgment as to how significant an 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 e.g. access for a disabled person?

#### **Place of Work**

Bear in mind the provisions for relocation and Excess Travel Expenses payments. How much more travelling would 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 complexity of making the journey.

#### **Status/Prospects**

Would the job offered amount to a significant loss of status or job / career prospects? The presumption will be that a match against a vacancy in a Business Unit under consideration for outsourcing will not for that reason alone be considered unsuitable. Employees in those circumstances will have the protection of TUPE.

**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.

## Appendix B

### TRIAL PERIODS

The purpose of a trial period is to allow a Surplus Employee the opportunity to try out a job that has been proposed as alternative employment but that in some way has different terms and conditions to the employee's old job before making a final decision. Because of the very many different individual circumstances that can arise, trial periods may take place before the employee's old job has come to an end as well as at the very beginning of the new job.

The law about trial periods is very complex and you are encouraged to seek advice at an early stage from Legal Services if there is any doubt as to the correct position to adopt.

The following general principles apply: -

1. No redundancy payment (including statutory redundancy pay) will be made if an employee has unreasonably refused suitable alternative employment during or after a trial period.
2. A redundancy payment will be available if an employee has reasonably refused suitable alternative employment during or after a trial and there is no other alternative employment available.
3. If the terms and conditions between the two jobs differ, an employee is always entitled to a trial period when his old job actually ends and the new job starts. This trial period will be for a period of four weeks unless a longer period is agreed in advance for re-training the employee for the new job. The employee may have already had an informal trial period in the new job before making the decision to accept it and formally move. Even so, he gets another trial period at this stage (see letter at 4.B.). In the circumstances, of course, it would be extremely unlikely that if during the second trial period he/she decided to refuse the job this would be a reasonable refusal.

## RESOURCING PROCESSES

*This document forms part of the Managing the Surplus Framework-Administrative and Operational Grades and should be read in the context of the Framework as a whole and all the documents which constitute it. Information for line managers on the deployment of the Framework is set out in the Guide to Deployment of Managing the Surplus Framework.*

### **Introduction**

A robust and fair resourcing process that gives priority to Surplus Employees, whilst recognising and taking full account of Royal Mail Group's legal obligations including the Disability Discrimination Act 1995 and provisions relating to employees on maternity leave, is central to the Managing the Surplus Framework. These processes describe how Administrative and Operational Grade vacancies will be resourced in a surplus situation.

Where these processes conflict with any existing resourcing policies within units this process shall take priority.

### **Process for Administrative Grades**

Jobs will only be authorised for open resourcing if it can be demonstrated by the relevant unit that the Process has been followed and completed. This will include considering the feasibility of the renewal and extension of temporary contracts, temporary promotions and of use of agency staff in order to keep a vacancy open. Open resourcing will only be authorised when the process has been completed and there are no suitable Surplus Employees (or employees seeking redeployment as a result of disability) available for the job. Surplus Employees and employees seeking redeployment as a result of disability may continue to be put forward as suitable until a job offer has been made and will take priority over external and other internal applicants.

Where concurrence is given for a vacancy to be internally advertised, this will only be via the intranet (IRIS). Under no circumstances will vacancies be advertised on the public e-mail system or solely via local notice boards. To ensure a consistent approach is applied business-wide, line managers and resourcing units will keep to the common standards of the IRIS Template.

### **The following steps must be adhered to**

1. The potential gaining unit will consider Surplus Employees matched against a vacancy. The only exception is where one of the matched employees is on maternity leave (in which case she will be considered in preference to any others provided she is suitable).
2. A Surplus Employee will be matched against a role if he/she is capable of performing the majority of the job requirements and can be developed to fully meet those requirements with reasonable training.
3. The appropriateness or otherwise of training will be judged by HR in the Parent and Gaining Business Units. Where specific aptitudes have been established as an essential requirement of the job (e.g. customer facing sales jobs) assessment or testing will be carried out to determine appropriate training. Training of up to three months will normally be given to enable the Surplus Employee to meet minimum requirements.
4. Exceptionally if there is a requirement for specific skills and knowledge as an essential prerequisite it may be cost effective to provide the necessary training. Such exceptions will be considered on their merits. In that case, appropriate training will be provided at the cost of the Parent Business Unit. In these circumstances it will be expected that a matched employee will be confirmed as suitable and appointed by the Gaining Business Unit.
5. **Matched** employees will not be required to undergo assessment for a vacancy if they are already at the substantive grade of the vacancy. Line managers may however, interview **matched** employees if they wish. Where necessary interviews should take place within five working days from the date that the papers (e.g. CV, appraisals) are sent to the line manager.
6. The purpose of the interview is to
  - 6.1 give the employee information about the role;

- 6.2 enable selection of the most appropriate employee, where more than one person is put forward by application of the senior most suitable principle using objective, fair and reasonable criteria; and
- 6.3 confirm the suitability of the employee and document any training and development requirements the employee will need on appointment and in preparation for future interviews.
7. The interviewing line managers will provide constructive and objective written feedback to the Surplus Employee within five working days of the interview.
8. The expected outcome will be that as a matter of course a Surplus Employee in an administrative grade will be placed into an administrative grade vacancy. Where exceptionally a line manager has demonstrable reasons why the surplus administrative employee should not be placed into that job following an interview, he / she will notify the HR Business Partner who will consider the counselling notes (which must contain objective, fair, and reasonable evidence for the decision), discussing as appropriate with the vacancy line manager. If the HR Business Partner feels that the employee meets the requirements of that job, with reasonable training and development if necessary, the HR Business Partner will endeavour to resolve the issue with the potential Gaining Business Unit to place the employee. Where the outcome of this is that the HR Business Partner agrees with the reasons for non-appointment and no other Surplus Employee has been identified as potentially suitable, the Business Unit will be authorised to proceed to resource openly. Should the HR Business Partner and the Gaining Business Unit not reach agreement as to an employee's suitability for a post, the case will be referred for adjudication. The adjudication will be undertaken by an independent HR Manager. CWU may raise specific cases and issues of principle relating to decisions on these matters directly to Director Group IR Director of or . The decision of the Director Group IR on the placement of a Surplus Employee into a vacancy will be final.
9. Appeals against non-appointment will usually only be allowed on the grounds that the candidate believes that they have been unlawfully discriminated against or that there has been a procedural error. Appeals against reasonableness of appointment (including location) are covered within the Reducing The Surplus Redeployment Process. At an appeal if requested an employee may be accompanied by the relevant Trade Union representative or by a colleague from the same location.
10. Once a Surplus Employee is confirmed as being suitable for the vacancy by the line manager in the Gaining Business Unit, their Parent Business Unit should release them as soon as practicably possible. If necessary, the Parent Business Unit can backfill the resultant vacancy or the Gaining Business Unit can fill the vacancy on a temporary basis. Under no circumstances should the Surplus Employee lose the opportunity to take the job as a result of the inability of either Business Unit to make appropriate arrangements.
11. Whilst the Resourcing Process is being followed in respect of a vacancy, that vacancy can be filled on a temporary basis only. Until this process is concluded no permanent recruitment will be permitted.
12. Line managers cannot refuse to consider Surplus Employees (including those on maternity leave or long-term sick leave) who have been matched against a vacancy.
13. Surplus Employees who are disabled or are on maternity leave will be offered suitable alternative employment that exists in accordance with legislative requirements

## Process For Operational Grades

As soon as employees are identified as being surplus the appropriate manager will verify if there are vacancies available or temporary employees that can be released. Surplus Employees will then be offered vacancies in common seniority order. Business Units will be required to check there are no Surplus Employees before considering any other method of resourcing. Managers cannot refuse to accept a unit's Surplus Employee (including those on maternity leave or long-term sick leave) who has been matched against a vacancy. Surplus Employees who are disabled or who are on maternity leave will be offered suitable alternative employment in accordance with legislative requirements.

### Resourcing Process where Pay Protection applies

**You should refer to the Pay Protection policy for details.**

In circumstances where pay protection applies, resourcing will be managed in line with the following process that both provides protection of pensionable earnings, and is also cost effective. (This process exceptionally overrides the normal resourcing process for only the period in which pay protection applies and only to deal with those jobs affected by pay protection). Where a potential pay protection situation is identified in the early stages of consultation with CWU on change, the normal resourcing process (including any re-signs) will be varied so that appointment to vacancies on the affected shifts will be on an interim basis. It will be explained to any employees taking these jobs that they may be displaced from these jobs when the change is subsequently introduced.

- (i) Where there is a surplus of individuals receiving shift or other pensionable allowances, jobs and jobholders will be categorised by shift and work content into the following:
- Mech jobs (with any mech work content)
  - Indoor manual jobs
  - Outdoor manual jobs (loading bay/ platform jobs and driving jobs are classed as outdoor)
  - Shifts
    - Dawn shift (starts between 0201-0400)
    - Early shift (starts between 0401-0500)
    - Early shift (starts between 0501-0530)
    - Evening shift (finishes between 2000-2139)
    - Late shift (finishes between 2140-0159)
    - “Short” night shifts (typically finishing 0300)
    - Standard night shift (spanning 2300 to about 0500)

Within each category those to be displaced onto different shifts/jobs, which attract lower levels of allowance, will be selected in the following order:

In the order of length of time they have received the allowance, the least period of time first.

- (ii) Where individuals are displaced from a shift or job attracting pensionable allowances, to other vacant jobs, then the principle is that the vacancies should be offered in a way which involve least loss of allowance (ie highest earning shifts/jobs first) subject to them meeting any selection criteria applying to a skills allowance) in the following order:

In order of the length of time they have received the allowance, longest first.

Where there are a number of employees displaced from one shift to another the vacant jobs will be selected by the employees using the normal process.

- (iii) When subsequent vacancies occur on the employee's original shift (as categorised in para (i) attracting the higher levels of pensionable pay then priority will be given to those individuals who have been displaced, in the following order:

In order of the length of time they had received these allowances, longest first.

- (iv) Any employee who does not accept a vacant job offered under the arrangement at paragraphss ii and iii above will no longer be eligible for pay protection.

- (v) Where a subsequent vacancy occurs which is not of the type of the original shift but does attract a higher level of pensionable allowance than their current shift but less than that from which they were previously displaced, this will be offered in the same order. Should any individual decline such a move then the amount of pay protection will be reduced to the amount he/she would have received on the offered shift, but no individual would be expected to accept more than one interim move.
- (vi) Resourcing of specialist jobs will be dealt with separately from core jobs but following the same principles and process where there is more than one specialist job on the same shift.
- (vii) Where there are rotations and business driven change results in loss of pensionable allowances (and the non-pensionable element of the night allowances) then the rotations will be dealt with separately from the fixed shifts but following the same principles and process as in paragraphs i to iv.
- (viii) These arrangements will operate by operational unit (e.g. Mail Centre, Delivery Office) unless otherwise varied by local agreement.
- (ix) The terminology of the pay protection resourcing arrangements refers specifically to operational arrangements in Letters. However, the same principles apply to other operational Divisions/Functions in Royal Mail Group Ltd.

### **Temporary Contracts**

Royal Mail Group and the CWU recognise and agree there must be a consistent and equitable approach on the employment of all specific event and time contracts.

The key principle covering all aspects of temporary employment are as follows:

- Royal Mail Group employees will be employed on substantive contracts except where there is a genuine short term need identified. CWU will be consulted in advance when there is any such requirement. Where such a need is identified specific event and time contracts may be issues for more or less than 12 months with the period of the event being the determining factor. Such contracts will not exceed 2 years unless it has been jointly agreed that there are very exceptional circumstances.
- The joint commitment will be to reduce the current number of temporary contracts by effective resource planning and joint cooperation in securing and implementing operational change covered by national agreements to the required timescales. Individual business units / recovery programmes will agree with CWU how they plan to substantiate temporary contract employees, giving priority to those with more than 2 years service and reviewing progress with CWU on a regular basis.
- Following the completion of the major change programmes, all remaining temporary contract staff within the resourcing area will be offered substantive contracts where vacancies exist.

Progress towards the implementation of these principles will be jointly reviewed on a 6 monthly basis by Royal Mail Group / CWU Headquarters

### **Administrative Grades**

- If a position filled by someone on a temporary contract is expected to last for more than six months the relevant Business Unit must ensure there are no surplus staff available to take up the jobs.

### **Operational Grades**

- For Operational posts, the relevant Business Unit must ensure there are no surplus staff available to take up the jobs.



**Part to Full Time Employment Opportunities**

As part of the resource planning referred to in para 3 (4) those permanent part time employees who have been working full time hours in excess of 2 years will be given the opportunity to indicate their desire to move to a substantive full time contract when one becomes available. It is recognised that the date of any move from part time to full time would be identified through the local planning exercise, which in some cases will mean a projection being given to move to a full time contract on a future date.

There will therefore be an urgent requirement for all area and BU managers to identify any employees within their areas of responsibility with over 2 years service who are affected by the above.