

## ***Dear Colleague,***

The CWU met with BT yesterday to seek improvement on the company's revised pay offer, but talks broke down after BT made clear they were not prepared to move despite our willingness to negotiate.

The CWU presented a robust case for a significant improvement on the 2 per cent consolidated and pensionable element of the offer from April 2010. BT negotiators went away to seek higher authority for such improvement, but returned over 2 hours later with nothing further to offer.

With annual inflation currently at 5.3 per cent, a 2 per cent pay rise for this year is simply not sufficient given the contribution of CWU members to BT's excellent financial results.

CWU members have seen the inflation beating basic pay rises awarded to executive directors this year, including 6 per cent for Ian Livingston, 5 per cent for Gavin Patterson and 7 per cent for Tony Chanmugam. These and astronomical bonus payments have been awarded for hitting business targets that CWU members have been instrumental in delivering. If executives are worth these kinds of pay increases then CWU members certainly are too.

The 3 per cent proposed pay rise from January 2011 was rejected on the basis that we do not know what inflation will be at that time, and it could represent a further pay cut for members. The CWU made clear we are open to a two year pay deal, but that the award for the second year would have to be an inflation plus formula to maintain the value of your pay in real terms.

The additional one-off payments proposed by BT are not consolidated and not pensionable, and this affects the value of your pay and pension in the long term. Performance related pay will never offer enough certainty for those on middle and low incomes, who rely on inflation linked pay rises to continue to be able to afford essential goods and services.

BT is being disingenuous in referring to the salary progression review in the context of this year's annual pay review. Incremental pay is a contractual right and has never formed a part of the annual pay settlement.

BT argue that the CWU has accepted lower pay deals in other companies, but this is because the situation has been very different in those companies. For example, we accepted a 2 per cent pay rise in Virgin Media, but its latest results show a £160.4m loss compared with BT's annual profit of over £1bn.

The CWU is not willing to accept any proposal that puts a timescale on the avoidance of compulsory redundancy. BT say their proposal for no compulsory redundancies until the end of 2011 will offer their employees a level of certainty, but we believe it will only make our members more concerned about their future in the company after 2011. The CWU has made clear that we will work constructively with BT to avoid compulsory redundancies on an ongoing basis as we have done in the past. We have also made clear that we will ballot for industrial action if BT moves to compulsory redundancies.

We have recently undertaken discussions with BT on bringing jobs back to the UK which the company has indicated they wish to do in order to improve customer service levels. An agreement has been reached which is subject to a ballot of CWU members, but it is not without sacrifices made on the part of members with regards to attendance patterns. The CWU has indicated we are willing to discuss with BT the return of more jobs from off-shore operations.

Given BT's refusal to improve on its revised offer, we now have no alternative than to ballot for industrial action and we have served formal notice to the company today of our intention to ballot.

Please attend one of the CWU meetings being held over the next week in your area where you can give your feedback, ask questions and find out more about what the ballot and industrial action will involve. Details of the meetings are available from your local CWU branch.

Please also continue to check the CWU website and your CWU email address for updates. Requests for username and password details/reminders should be directed to [cwumail@cwumail.org](mailto:cwumail@cwumail.org)

It is essential that we win this ballot with a big turnout and a big majority to demonstrate to BT the strength of feeling amongst their employees on pay this year.

Please vote in the forthcoming ballot, and please vote **YES** for industrial action as recommended by your CWU Executive.



*Yours sincerely,*

A handwritten signature in black ink that reads "Andy Kerr". The signature is written in a cursive, flowing style.

**Andy Kerr**  
Deputy General Secretary (T&FS)