Via E-mail

J Baxter
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7 October 2010

Dear Ms Baxter

CWU/PROSPECT 2010 ANNUAL PAY REVIEW
EX-ACCENTURE GRADES LEARNING & DEVELOPMENT

At our meeting of 22 September 2010 I said I would write formally to both CWU and Prospect to confirm the final pay offer made on a without prejudice basis and subject to both unions recommending acceptance to their members. The pay offer is in respect of the 2010 Annual Pay Review for those ex-Accenture employees covered by TUPE within the Learning & Development work activity and relates to the grade levels D,E,F and G.

The final pay offer is as follows:

- A 2.2% total increase to the current paybill to be implemented wef 1 September 2010.
- Salary increases will be applied in line with the following performance matrix

	Matrix of increases					
DPR	Under	Z1	Z2	Z3	Z4	Over
SA	6.0% (0)	5.0% (1)	4.5% (0)	3.0% (3)	2.6% (3)	0.9% (0)
A	4.9% (0)	4.0% (2)	3.0% (2)	2.5% (4)	2.3% (9)	0.7% (2)
CW	3.9% (0)	3.0% (2)	2.5% (5)	2.1% (11)	1.9% (25)	0.5% (8)

- The value of any increase over the maximum of zone 4 or over the individual's "personal rights" maximum will normally be paid as a non-pensionable unconsolidated payment. The exception to this will be increases to those employees who have not exceeded their "personal rights" maximum as these will be consolidated and pensionable within the personal rights maximum.

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- We have conducted a salary benchmarking exercise resulting in changes to the ranges for levels E and F and taken the opportunity to standardise the zone steps for all roles. Where the ranges have changed we have standardised the spread to +/-20% around the mid-point. These changes are shown by the following tables:

	Current salary ranges			
Level	Bottom	Mid	Top	Spread
G	16,853	21,067	25,280	20.0%
F	18,224	23,048	27,872	20.9%
E	22,638	28,812	34,985	21.4%
D	29,192	37,748	46,304	22.7%

	New salary ranges and re-defined zone splits					
	Bottom	Top Z1	Top Z2	Top Z3	Top	Spread
Level G	16,853	18,960	21,067	23,173	25,280	20.0%
Level F	19,040	21,420	23,800	26,180	28,560	20.0%
Level E	23,430	26,360	29,290	32,220	35,150	20.0%
Level D	29,192	33,470	37,748	42,026	46,304	22.7%

- We will bring forward future Annual Pay Review dates to 1 June.

In our discussions I explained that there is an overwhelming need for the company to maintain a firm control of its cost base, including pay and associated costs, if it is to meet the ongoing commercial and competitive challenges it faces. However, we also recognise the need to reward our employees' contribution to the ongoing recovery of BT.

We have listened carefully to the arguments made by both CWU and Prospect in support of their claim and we have taken on board the strong views expressed.

I believe that the final offer above is a fair and reasonable offer that reflects the arguments put forward by the unions and the contribution made by our employees.

I trust that both CWU and Prospect will be able to fully recommend this offer to their members and I await your response.

Yours sincerely

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