

CWU reject BT formal offer in pay talks

The CWU negotiating team led by Andy Kerr, Deputy General Secretary (T&FS) has held a series of meetings to discuss the 2017 NewGRID grades pay review.

The discussions have been particularly complex this year due to a backdrop of difficult financial problems that BT have shared with us. The offer, detailed below, has been rejected outright by the CWU negotiating team.

- **A quantum of 1.8% in consolidated pay increases for all NewGrid grades;**
- **For members in the BT Pension Scheme (BTPS) 0.7% is fully pensionable anything above this would be non-pensionable;**
- **For all other employees the award is fully pensionable;**
- **The potential to discuss different awards for different grades that would reduce the disparity between NewGRID WF 2020 grades and all other NewGRID grades.**

Rate of Inflation

This year, BT is insisting that they use CPI (1.6% Dec 2016) as the correct measure of inflation. BT believes that RPI (2.5% Dec 2016) is no longer a national statistic and is out of date. The CWU have always measured pay agreements by RPI not CPI. RPI provides an important benchmark for trade unions and employers during the pay negotiating process because of its relevance to the costs facing working people. RPI covers all expenditure categories including the rise in the cost of mortgage interest payments and is therefore considered to be a representative measure of living costs for the majority of households. In contrast, the CPI is likely to understate the real level of inflation for most working households because, it does not include mortgage interest payments, council tax and estate agents fees. In addition the Government use RPI as a measure when it suits them for example rail fares, student loans, yet applies CPI for pensions and benefits.

Pensions

The pay negotiations have been overshadowed by the cost of providing future benefits for members in the BT Pension Scheme (BTPS), which is a defined benefit (DB) scheme. Members employed prior to 2001 are likely to be members of the BTPS whilst those recruited in 2001 and beyond will be members of BTRSS which is a defined contribution (DC) scheme.

The BTPS has been in deficit for some time and speculation by analysts indicates that in June 2016 the deficit was likely to be significantly higher than the previously published £9.9bn figure in the June 2015 annual valuation statement.

The issue BT has explained at the negotiations is complex but broadly speaking; any increase in pensionable pay for BTPS members means an increase in pension liabilities and therefore will require the company to make much larger pension deficit repayments.

Why we have firmly rejected this offer:

- BT 's strong cash position with recorded revenue growth of 33% over the last twelve months and pre-tax profits of £1.9bn as well as cash flow at £1.3bn to the year to date much of which has been created through the hard work of CWU grades, means an inflation-plus award for members is fully justified and affordable;
- BT is performing well and indications are that the company is benefitting from its investment in broadband and pay TV content with good take-up as well as its recent investment in EE;
- Whilst we recognise that not all of our members are in the BTPS we are concerned about making an agreement that involves an element of a non-pensionable pay;
- We do not believe our members should be penalised for financial decisions taken by the company, on pensions or otherwise that are out of their control and they should certainly not be paying the price for accounting irregularities in Italy;
- BT should ensure investment for the future also means investing in CWU members who are on the front line of delivering service for BT and fundamental to business success;
- At a recent Branch Forum – the strong message was that **all** our members deserve a pay increase in real terms, ie: RPI + fully consolidated and fully pensionable.

The CWU has conference policy instructing the executive to address the pay disparity between NewGRID workforce 2020 grades and all other NewGRID grades. The executive are therefore willing to consider ways of doing this during the pay discussions.

What next?

Although we've rejected the offer, we will continue to meet with BT to discuss your pay in the hope that we are able to reach agreement. Our aim continues to be gaining a real terms increase in pay for all of our members. A further bulletin will be provided. **Send us your views and questions to BTpay@cwu.org**