

QUESTIONS - Gloucester & District Amal.

1. What are the criteria for offering CWU Officers mortgages from the Unions Funds?

1.The have been a number of criteria applied arising out of the two former unions the UCW and the NCU. In the former Union the UCW conference policy determined that National Officers elected from outside of London for a 5 year period who had been unable to get a mortgage on “the high-street” particularly as they currently lived in rented council accommodation and had no means of raising a deposit were granted this facility. The practice in the ex NCU also granted mortgages to new London based officers. On merger the then Joint General Treasurers of the CWU implemented a merger of both policies and that precedent is what has been in operation since the formation of the CWU since 1995. Subsequently the CWU rule book records that all officers are treated equally and thus on occasion the facility has been extended to officers elected from the London Area.

2. Where does the money come from to fund CWU mortgages for officers?

2.The money is loaned from and paid back, with interest, to the CWU General Fund.

3. If all monies outstanding from these mortgages were to be repaid immediately, how would this impact on the CWU's finances

3.The impact upon the CWU formal accounts would be negative at best and slightly damaging at worse. The CWU holds the deeds on all the properties and therefore they show on the balance sheet as a secured investment. If all the monies were paid back the investments would reduce by exactly the same amount as cash at hand would increase thus producing a negative effect. However the CWU gains from the interest paid on these loans as income to the CWU, if all mortgages are taken off the books the CWU would lose the interest payments as income.

4. Are these mortgages subject to properties purchased in or around the London Area?

4.The CWU loaned the original mortgages for properties in and around the London area. On occasion, for personal reasons, individuals may and have moved home out of that area.

5. How many Elected Officers are in receipt of a CWU Mortgage?

5.Six

6. How many appointed Officers are in receipt of a CWU Mortgage?

6.Two

7. Are CWU mortgages available to all employees of the Union nationally?

7.No

8. Are these Mortgages available for CWU Branches who are looking at purchasing their own premises?

8. Yes, through an agreement with Unity Bank however a charge is placed against the CWU nationally until these mortgages are paid off.

9. What happens in the event of an employee of the union, who is in receipt of a CWU mortgage and is subsequently voted out of office or leaves the employment of the CWU?

9. Historically two things have happened. Either an individual has repaid the outstanding balance thus clearing the mortgage or they carry on making payments until the mortgage is cleared. Currently only one ex employee is repaying such a loan with all others having cleared the balance.

10. Who makes the decision on whether to grant a CWU Mortgage or not and what is the process?

10. Technically the decision is made de-facto. This was last debated at CWU (UCW) Conference in 1994, at that Conference a number of motions were placed against an annual report paragraph trying to change what was then reported as policy of the Union in offering mortgages to officers. The amendments were defeated and the policy carried. The answer to question 1 above shows how the policy was implemented on merger. A legal charge is placed over any mortgage and this is registered with the Land Registry and signed by the Senior Deputy General Secretary and a Trustee. This is held as a deed as security over the property.

QUESTION - Western Counties Branch

Please can you advise which National Officers have received a mortgage from the CWU over the last 5 years and the rate of interest that has been applied to each?

The following National Officers of the CWU have had a mortgage from the CWU within the past 5 years

Sally Bridge – Assistant Secretary T&FS: Nigel Cotgrove – Assistant Secretary T&FS: Andy Furey - Asst Secretary Clerical and Cash Handling: Billy Hayes - General Secretary: Tony Kearns - Senior Deputy General Secretary: Kevin Slocombe - Head of Communications: Tony Rupa - Legal Services Officer: Dave Ward - Deputy General Secretary Postal.

The General Secretary pays interest at 5% the other officers all pay 0.75% of whatever the yearly bank rate is in any year. Additionally the tax office (HMRC) increases the tax payments for these individuals in line with a formula that they determine themselves year on year but is available from the HMRC website.

QUESTIONS - South East No5 Branch

- 1) On Page 2 of the SDGS Report he states: "Whilst 2009 could be considered an exceptional year, due to the need to fund an Industrial Action campaign in Royal Mail

and the “Keep the Post Public campaign” can we have a detailed breakdown of the expenditure for these campaigns?

1. The finance system at CWU HQ’s records thousands of entries against this spend. These range from including all expense claims for travel and subsistence to small meetings through to adverts taken out in national newspapers and letters to members home addresses as well as DVD’s produced to secure a yes vote in the industrial action ballot.

In general terms they can be grouped around the following headings.

Category 1: Membership Communications (predominantly campaign materials and publicity around securing a YES vote in the industrial action and then communicating with our members through Letters, DVDS Postage, web-site visuals and so on) = £876,490.46

Category 2: External Publicity/Public Relations (predominantly national newspaper advertising, public leaflets and handouts, billboard advertising, MP and House of Lords publications etc) = £758,699.27

Category 3: Administration Expenses (including Imprest accounts and expenses claimed, travel, subsistence, room hire etc) = £27,529.55

Total = 1,662,719.28

2) On Page 3 of the SDGS Report he states: “NEC and National Organisation (NEC and Industrial Executives, meeting & activities convened by National Officers inclusive of campaigns) up by over £1.3 million — can we have a detailed breakdown of this expenditure by Constituency, Department and by Authorising Officer along with last years figures for the purposes of comparison?”

GS Department	235,797
SDGS department	35,179
Telecoms Department	220,538
Postal Department	614,802
International Affairs	213
Equal Opportunities	260
Health & Safety	43,566
Education	1,087
Legal	9,406
Postal department national campaigns	1,394,266
Grand Total Meetings/Activities convened by National Officers	2,555,114

It should be noted that Rule 8.1.6 states “The NEC shall be responsible for allocating resources to sustain Industrial Action authorised in accordance with the rules”. Accordingly the PEC then set up a campaign committee to run the campaign to secure a yes vote and then to subsequently prosecute the dispute. This is why the heading is “postal department national campaign” and not one specific officer.

Note: during 2009 the finance dept at CWU HQ migrated from the previous finance system (JBA-GEAC) to SAGE. At this point a like-with-like comparison is not available but can be provided in due course once the year-end consolidated (with branches) accounts are produced.

QUESTIONS - Birmingham Branch

1. Central Services to Members (Schedule G) shows the Employment Tribunals increased from £322,373 to £518,779. Can you supply a further analysis of the increase to breakdown the figure to show the cause, number of cases, etc?

1. The Legal Services Dept dealt with 878 new requests for assistance with Employment Tribunal applications. This represents a 34% increase on the previous year. The two main areas of increased workload are set against unfair dismissal and multiple cases. We believe that the increase in dismissal claims stems predominantly from the industrial action disputes we experienced. As a lot of our ET panellists re CWU activist the dispute with royal mail also had the knock on effect that many were not available to represent us at ET Tribunals meaning we needed to rely upon panel solicitors who cost more than lay ET panellists.

2. Branch Organisation and Recruitment (Schedule J) shows that expenditure on Recruitment fell from £305,432 to £223,413. The CWU is trying to rebalance the equation of "every member we recruit 3 leave" and therefore can you provide an explanation for the significant change?

2. The difference between the two figures is explained as follows. The difference of £82,019 is due to the fact that in 2008 TUC Academy Organisers expenditure was shown as an expense against "Organising and Recruitment" as the individuals concerned were not employees of the CWU. However you will see that the Salaries line "S" page 32 has increased by £362,872, almost £250,000 of this is accounted for by the fact that we progressively recruited a number of directly employed organisers, thus actually increasing overall spend in this area by approximately £168,000.

QUESTION - Northern Ireland West Branch

The schedules to the general fund (K) shows an increase for the Regional Officers expenditure in 2009 could you provide a break down by region and what that expenditure is against eg wages, flights, expenses etc

Regional Secretaries East

Rail warrants	901	
Accommodation	5,004	
Telephones/Mobiles	824	
Printing	370	
Imprest Claims	7,746	14,845

Regional Secretaries London

Printing	1,480
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Rent	12,524	
Central Billing	27,609	
Agency Staff	1,217	
Telephone/Mobiles	1,310	
Imprest Claims	3,487	
London Divisional Cttee	40,159	87,786
Regional Secretaries Midland		
Rail Warrants	542	
Accommodation	9,000	
Central Billing	20,194	
Telephones/mobiles	2,863	
Imprest Claims	14,958	47,556
Regional Secretaries North East		
Rail Warrants	4,373	
Central Billing	21,599	
Imprest Claims	20,250	
Telephones/Mobiles	1,587	
Accommodation	16,508	64,317
Regional Secretaries Northern Ireland		
Printing	2,813	
Ballot	3,653	
Telephone/Mobile	2,642	
Imprest Claims	14,923	24,031
Regional Secretaries North West		
Imprest Claims	16,167	
Central Billing	28,011	
Telephone/Mobile	2,192	
Equipment	1,268	
Accommodation	10,008	57,646
Regional Secretaries South East		
Central Billing	21,436	
Imprest Claims	8,487	
Telephone/Mobile	1,039	
Accommodation	6,000	36,962
Regional Secretaries South West		
Central Billing	25,977	
Telephones/Mobiles	2,939	
Imprest Claims	17,761	
Accommodation	8,004	54,681
Regional Secretaries Scotland		
Imprest Claims	14,258	
Central Billing	23,064	
Telephone/Mobiles	330	
Accommodation	8,004	45,656
Regional Secretaries Wales		

Imprest Claims	5,572	
Printing	94	
Central Billing	19,500	
Telephones/Mobiles	1,173	
Equipment	492	
Accommodation	4,824	31,656
Honoraria		10,328

NOTE: when rail warrants are used for travel these show up in the rail warrant account and are readily identifiable within the system. Air travel is booked by Imprest account holders and claimed back as an Imprest payment; therefore air travel is not always listed separately but included in the "Imprest claims" line. This will now change with the use of the Flight Centre Facility.

QUESTIONS - Shropshire & Mid Wales Branch

1. Could you please explain the increase of £362,872 on salary costs, and why the item is shown within the I & E accounts as 'Salaries & Payroll Costs' but in executive note S is shown as Salaries and Substitution Costs.

1. Salary increases – please see the answer to question 2 from the Birmingham Branch above. The difference is predominantly made up by the cost of settling the GMB represented grades pay review 2010. The difference in language is explained on the basis that the former is for the accounts as presented publicly whilst the latter is for internal identification processes.

2. Could this item be broken down to show what the actual costs of the substitution are?

2. Salaries and Payroll Costs = £6,806,296: this is broken down as follows: Salaries = £6,488,077 Agency Staff = £279,378 Substitution = £38,841 (NOTE substitution and agency costs reduced from 2008 – salary increases as detailed below/elsewhere)

3. The accounts clearly show that recruitment and training costs are reducing albeit by only £12,095, which suggest that budgets are being reigned in marginally, yet the costs of covering the remaining work clearly shows an increase Why?

3. Firstly the reduction of £12,095 shows only that this particular item of expenditure is being reduced. It does not, as has been suggested, give an indication of trends in any other area of expenditure. The cost of "covering work" is taken as a reference to salary increases. Please see the answer to question 2 from the Birmingham Branch above that partly explains the increases in salaries. The difference is predominantly made up by the cost of settling the GMB represented grades pay review 2010.

4. The accounts do show that reductions in staff costs are evident in that superannuation costs have reduced accordingly, with the liability transferred to the pension fund, could you update us on the progress made in the consolidation of the current CWU pension schemes?

4. This matter is the subject of ongoing discussion with the 3 schemes concerned and is due to be the subject of debate by way of two motions submitted to general conference 2010. Following these debates further action will be taken to implementing either the existing or updated policy.

QUESTION - Birmingham, Black Country and Worcester Branch.

1. What is the cost of access to Sky at CWU HQ, how many televisions in the building have access to it, and via which service provider?

1. £9277.79: Number of Departments with access = 4: Service Provider = Sky.

2. What is the cost of CWUTV and how many "hits" does it get per month?

2. In 2009 we record a spend of £63,706.55. Recent figures show a monthly average of around 67000 videos watched. This grew during the postal strike to over 100,000 for strike related videos. Polling conducted on our behalf to assess the impact demonstrated around 60% of members watched the CWUTV DVD circulated direct to members compared to 55000 who read the associated letter.

3. How much did it cost the Union to put CWU TV on Sky and how many people watched it?

3. The cost in 2009 was £56,250. Due to the Industrial Action dispute and the KTPP campaign we did not have enough time to measure robust viewing figures. However the Communications Department and the FOS/NEC has now determined that we will not be using the SKY TV platform for CWU TV as part of the 2010 budget allocation thus ensuring an ongoing saving.

4. What budgets were overspent in 2009, by how much and why?

4. As can be seen on page 26 of the accounts "Expenditure" 10 out of 15 area of spend are overspent. These are distributed across a number of budget lines at CWU Headquarters. As has been reported in the commentary to the accounts there are a wide variety of reasons for these overspends. 2009 saw increased activity, particularly as explained elsewhere, increased campaigning, increased legal cases against the CWU, increased charges by external companies, this list is not exhaustive and a comprehensive analysis of 2009 expenditure is currently taking place as part of the budget review process set up by the NEC to reduce costs for 2010 and beyond.

5.What was the budget for all of the Advisory Committees individually, including the YAC and RMAC, for 2009 and what was their actual spend?

Advisory Cttee's 2009

	Actual up to 31/12/09	Budget up to 31/12/09	Variance up to 31/12/09
Retired Members Advisory Cttee	5,323	12,500	7,177
Race Advisory Committee	4,639	8,000	3,361
LGBT Advisory Committee	4,752	8,000	3,248
Women's Advisory Committee	15,662	12,000	-3,662
Youth Advisory Committee	10,038	Note **	Note **

Note ** The FOS only allocates the YAC budget into very broad headings, which allows the Committee discretion in how it allocates it's funds to specific work areas. There is, however, a constitutional and/or policy requirement to do certain things - specifically:

- **4 YAC meetings a year, on the basis of 12 YAC members, 4 NEC members and the officer attending**
- **2 RYC meetings a year in each region, with the costs of the chair and secretary attending being met from central funds**
- **The education event**
- **The youth conference, with central funding for RYC secretaries**

6.What was the cost for of the YAC Conference and Education event?

6.YAC Conference £4,146 Education Event £6,403.15

7.Why do we own and what is the purpose of 66, Tavistock Avenue Perivale, 31 Edgecombe House Whitlock, and 75 Garstang Road Preston?

7.66 Tavistock Avenue belonged to the former NCU. This property was the living accommodation for the former caretaker at Greystoke House. The agreement made at the time was that the caretaker and upon his death his spouse could remain living in the accommodation. The former caretaker passed away and the accommodation is now occupied by his spouse. 31 Edgecombe House was a property purchased by a former officer of the CWU. The officer died whilst in service and the property reverted to the assets of the CWU as we held the mortgage and the deeds. The property has subsequently been let on a commercial basis and provides income to the CWU. 75 Garstang Road Preston is a branch premises, previously accounted for within the consolidated accounts of the CWU as a Branch asset that has now been transferred as a tangible fixed asset within the CWU HQ account.

8.What is the breakdown of Salaries and Substitution which are listed together?

8. Please see the answers to question 2 from Shropshire and Mid Wales branch above as this is the same question.

9. Can you explain the increase in staffing expenditure in 2009? Was this due to an increase in staff and if so what departments and in what grades were the new positions created?

9. Please see the answers to question 2 from the Birmingham Branch and the answer to question 1 from the Shropshire and Mid Wales Branch above as this is the same question.

QUESTIONS - Northern Ireland Clerical Branch

1. What were the total legal costs incurred by the CWU in the accounting period 1st January to 31st December 2009 for defending the FET/IT applications numbered 134/07FET and 1694/07IT; David Bell v CWU; Billy Hayes; John Baldwin & Lawrence Huston?

3. What was the total legal cost incurred by CWU in defending the IT application numbered 1975/07IT ; David Bell v CWU in the financial year 2009?

5. What was the total legal cost to CWU for defending the complaints to the Certification Officer from David Bell in the 2009 financial year?

1:3:5: The 3 cases saw the CWU represented by the same firm of solicitors. Accordingly time spent and work undertaken has not been invoiced to the CWU as separate cases. The total legal bills invoiced and paid during 2009 for the three cases listed at questions 1, 3 and 5 is £119,569.65p

2. What were the Travelling and Subsistence costs incurred by CWU in relation to Officers and Members attending as witnesses and/or support in defending the above FET and IT applications?

4. What were the Travelling and Subsistence costs incurred by the CWU in relation to Officers and Members attending as witnesses and/or support in defending the IT application 1975/07IT?

6. What was the cost in Travel and Subsistence to CWU of the Officers and Members attending meetings arising from the complaints from David Bell to the Certification Officer?

2:4:6: Witnesses and support in defending the IT case came predominantly from CWU Officers and staff. As such most of the work is undertaken as part of normal duty – i.e. it incurs no extra charge. Obviously attendance and travel at a tribunal hearing would incur costs. These are either identified directly or are simply put down to officer expenses incorporated into individual departmental budgets and thus not identified separately. Accordingly the cost directly identified within the accounts as attributed to the questions at 2:4:6 is £2,096.05p

7. What Section(s) of the Annual Report are the legal costs in relation to a) the FET and IT legal expenses b) The Complaints to the Certification Officer c) the Travelling expenses at a) and b) shown?

7 a) page 31 schedule P Headquarters Legal Costs. b) part page 31 schedule P Headquarters Legal Cost and as detailed in answers to questions 2:4:6 admin costs are absorbed into day to day workload and as such although unquantifiable would fall into page 32 schedule S salaries and payroll costs. c) page 30 schedule L Meetings/Activities convened by National Officers.

8. What Committee authorised the expenditure?

8. The FOS and then the NEC allocate annual budgets and a line for HQ Legal Costs is agreed as part of that process.

QUESTIONS - CENTRAL LONDON BRANCH

1. In your introduction you highlight 5 areas for concern over high expenditure, we have queries under each.

a. Central Services to members £250,000. You describe these as death benefits/legal services. The records show that death benefit costs have *decreased* year on year, and that the increase is under the heading of Employment Tribunals, couple with a reduction in legal income. Can you give a breakdown of this increase in ET costs?

a) please see the answer to question 1 from the Birmingham Branch above as this is the same question.

b. NEC and National Organisation £1.3million. Records show this is not the cost of the NEC, but an increase of £1.4 million (over 100%) in 'meetings and activities convened by National Officers'. Could we have a breakdown of this amount and an explanation of how it was authorised?

b) please see the answer to questions 1 and 2 from the South East No 5 Branch above as this is the same question.

c. Elections and ballots £140,000. Records show the cost of NEC elections has decreased, and this increase is a rise of over 200% in 'pay and conditions ballots'. Could you break this down please?

c) this increase reflects the extremely high level of ballots around the postal dispute during 2009.

d. HQ Legal expenses and financial charges £140,000. Records show this includes a 25% increase in Superannuation administration costs, a 50% increase in HO legal costs, and a 20% increase in audit/accountancy/taxation costs. Can you give an explanation for these and what is being done to contain them.

d) two of the pension schemes that we sponsor as employer had tri-ennial actuarial valuations thus the admin charges for the year increased, there was also an increase in legal costs surrounding a set of tribunal claims lodged directly against the CWU see the answers to question 1:3 and 5, Northern Ireland Clerical Branch above that covers this point in more detail, the increases in audit and accountancy reflects

training required around the introduction of a new finance software package as well as increasing costs around seeking accountancy advice. All budget allocations for the first 6 months of 2010 have been pegged at the 2009 allocation level or the actual spend for that period, whichever is the lesser. All budget holders are now also required to place against any document they present to the NEC or NEC committee the cost of the activity contained within the document, the budget it is to go against and the amount remaining in the budget, this is to identify that the action is affordable and remains within budget.

e. HQ staff costs £300,000. Records show the salaries and payroll costs item have gone up by £360,000. Can you give a breakdown of staff numbers and anticipated numbers for end 2010 and 2011?

e) please see the answers to questions 2 from the Birmingham Branch and the answer to question 2 from the Shropshire and Mid Wales Branch above that deal with this question. Current staff numbers have already been circulated to Branches and are contained on page 15 of the Annual Report. As part of a continuous review at CWU HQ's all posts are reviewed as and when they become vacant. Additionally with regard to the pressures on CWU finances the FOS is due to reconsider, following the closure of conference, all aspects of HQ spend including administration, until such a review is complete and until the appropriate consultation with the staff unions no definitive figure has yet been identified.

2. Can you advise why you have been unable to control expenditure last year, given the success in earlier years?

2. As can be seen from the accounts and the commentary to it 2009 was in some areas an exceptional year, income was down, albeit in percentage terms marginally whilst the need to fund and resource a major industrial action campaign in the postal industry whilst at the same time fighting a Keep The Post Public anti-privatisation campaign contributed to the increase in expenditure. The CWU rule book states Rule "8.6 The NEC shall be responsible for allocating resources to sustain industrial action authorised in accordance with the rules." Quite correctly then, complying with this rule means that the collective decisions incurred such a loss. Other areas of overspend have been dealt with in other questions.

3. Can you advise exactly which 'real changes proposed to conference' will make a major difference to expenditure, and by how much?

3. Whilst clearly this is not a question to the 2009 Accounts but rather deals with matters of potential policy going forward. To assist however I can highlight the following. Motion 44 would save at 2009 rates £460,000 every other year. Proposition 60 would at 2009 rates save £452,869 every other year. Motion 61 would save approximately +£20,000 per year. Motion would save approximately £125,000 every other year. Motion 124 would allow us to source cheaper out of season venues for conference – unquantifiable until actioned. Ballots being conducted at Conference and Independent Scrutineers if changed as proposed (Motions 123, 125, 126, 127, 128, 129, 132 and 133) would save approximately £20,000 per year. In addition the NEC intends to support other motions from Branches that will reduce expenditure further. The total therefore of the items identified above equals, on an annual basis of approximately £558,000.

4. Can you advise what consultation will be carried out on a range of items which could reduce expenditure?

4. Once General Conference has ended the FOS Committee and the NEC will consider the motions carried or not and determine how best to secure the financial future of the CWU. They will determine how they wish to consult throughout the CWU.

QUESTION - LONDON DIVISIONAL REPS

1. Tony the question is the operating deficit for 2009 of £742,393 (that you mention on page 1 of your report a mistake/error or a typo ?) The only operating deficit that i can find is on page 9 of the accounts and is £913,954 ?

1. The correct figure is as you have pointed out on page 9

1. Why was £1,474,081 transferred from the General Fund to the Property Reserve Fund ? What did we buy?

1. This is an accounting procedure that shows the actual monies paid out to refurbish Alvescot lodge and the accounting procedure required to account for 75 Garstang Road (please see the answer to question 7 from the Birmingham, Black Country and Worcester Branch above) .

2. Why have the costs of international Activities increased from £270,190 in 2008 to £372,375, in 2009 increase of £102,185.

2. International Activities shows an increased spend mainly for accounting reasons. Firstly as a result of an ongoing external third party discussion dating back to 2004 the International Activities account received a credit in 2008 of £34,000 thus making the difference approximately £68,000. This figure is made up of outgoing delegation costs accumulated over a number of years only being allocated to the account in total in 2009.

3. What is the new property 75 Garstang Road, Preston Lancashire that shown on Page 15.

3. Please see the answer to question 7 from the Birmingham, Black Country and Worcester Branch above, as this is the same question.

4. We note that Meetings/ Activities convened by National Officers increased from £1,228,224 in 2008 to £2,555,114 in 2009 an increase of £1,448,114?

4. The observation is correct; please see the answer to the 2 questions raised by the South East No5 Branch above as this point is dealt with in those questions.

5. Tony on page 3 of your report you state that Central services to Members is up Death Benefits / Legal services but the actual death benefit for retired members fell by £13,551 2009 vs. 2008 and the total death benefit paid out 2009 vs. 2008 was £12,577 less.

5. The observation is correct; please see the answer to question 4 and reference to Motion 44 from Central London Branch that deals with this issue going forward.

6. When you said on page 3 of your report HQ Staff costs up by £300,000. Did you mean Salaries & Payroll cost up £362,872 (page 32 of the accounts)

6. This observation is correct; please see the answers to questions 2 from the Birmingham Branch and the answer to question 2 from the Shropshire and Mid Wales Branch above that deal with this question.

***Tony Kearns
Senior Deputy General Secretary***