
From: Claire Logan
Sent: 11 November 2009 14:12
To: Richard Jeffrey
Subject: FW: Bonus Scheme Changes
Attachments: Policy Document - Annual Scheme.docx; Policy Document - Deferred Scheme.docx

Copy of what I have sent to D&W, they know the background of the old bonus scheme from an old query. If you think I have missed anything please let me know, they are going to try to get back to me this week.

Thanks
Claire

From: Claire Logan
Sent: 11 November 2009 14:10
To: 'Stephen Chaffey'
Subject: Bonus Scheme Changes

Stephen

Further to our phone call I can summarise what we are currently doing and what I am looking for advice on. We have 3 groups who are being affected in different ways.

1. Group 1 is a scheme where a number of roles earned up to 50% of annual salary, 30% was paid annually and 20% was banked annually and paid when the project was completed. This group are changing to a deferred scheme where nothing is paid until project completion, the payment is based on cumulative salary from 01/04/09. This group have accepted the changes so I need to issue a letter varying their terms and conditions.
2. A group of individuals were put onto the 50% scheme last year by a letter, there was a clause in the letter saying it could be withdrawn or varied at any time. We are now relying on this clause to change them to the revised 25% scheme as we do not feel the 50% scheme is appropriate for their roles. We have been consulting with the individuals and they are not happy as we are reducing their bonus entitlement but we are offering no option.
3. The majority of staff are on a scheme of up to 25% of annual salary. We have designed a new scheme so that 15% is paid annually based on individual performance and corporate performance and 10% is paid at project completion (not banked annually but based on targets measured at the end of the project) using cumulative salary from 01/04/09.

Group 3 are on a mix of contracts, the 2 clauses are below:

You will be eligible to participate in the discretionary annual bonus scheme (non-pensionable) subject to the achievement of certain defined performance goals. This bonus scheme is discretionary and may be withdrawn or varied at any time. This will be payable for calendar year, or part thereof. This will be offered at a rate of up to 25% of annual salary.

You will be eligible to participate in the annual bonus scheme (non pensionable) subject to the achievement of certain defined performance goals. This will be payable initially in January for calendar year, or part thereof. This will be offered at a rate of up to 10% of annual salary.

Financially for group 3 there is still the potential to earn up to 25% but we are changing the way it is paid. When asked the question is this a change to my terms and conditions of employment I replied that your terms and conditions entitle you to a bonus scheme of up to 25% of your annual salary. You will still have the opportunity to earn a bonus of up to 25% of salary. We are changing the details of how the bonus is calculated and varying the way we are paying it, i.e. by deferring a portion. There is no change to the potential bonus you can earn.

Can you just clarify for me:

1. Are we changing the terms and conditions of all the groups, in particular group 3?
2. What the potential dangers with changing the scheme for any of the groups in particular group 3?
3. Do you have any recommended wording that I can use for responding to the questions or putting in a letter when I confirm the new scheme is in place.

We have been consulting with everyone affected, group 3 through department representatives, an important factor for the majority of people is that the scheme is much harder to achieve now it is linked to corporate performance. I want to be clear whether we are changing terms and conditions before the next consultation meeting and prepare wording for letters to issue. I have attached the policy documents that are draft, the annual scheme is the 25% scheme, the deferred scheme is the 50% scheme.

If you need anymore information please ring me, I am on my mobile today but back in the office tomorrow.

Kind regards

Claire Logan

HR Manager

tie Limited

Citypoint

65 Haymarket Terrace

Edinburgh EH12 5HD

Tel: +44 (0)131 [REDACTED]

Fax: +44 (0)131 622 8301

Mob: [REDACTED]

Email: claire.logan@tie.ltd.uk

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