

Nationally Agreed Guidelines

Efficiency Scheme Extension (Phase 2) - Shaping our Future Agreement

1. Introduction/Overview

The productivity scheme agreed as part of the 2006 pay deal has been extended (Phase 2) to the end of 2006/2007 to enable us to jointly explore where there are further savings opportunities in the operation.

2. Reference Period/Definition of Quarterly Periods

The existing Week 40 reference period will be retained for the duration of this extension to the scheme. Payments will be made on qualifying savings assessed at the end of each of the following periods:

- **Monday 3rd July 2006 to Sunday 1st October 2006.**
- **Monday 2nd October 2006 to Sunday 31st December 2006.**
- **Monday 1st January 2007 to Sunday 25th March 2007.**

Further Clarification

Technically, the agreement should exclude June from Phase 2 but there will be no reduction of the unit savings made during June so the scheme will effectively run from June 2006 to 25th March 2007 the financial year end.

3. National Pool/Basic Pay

40% of staff savings from each bonus unit below the 5% threshold will be paid into a national pool. At the end of each period the value of the pool will then be consolidated into basic pay with effect from the Monday following the end of the relevant period.

4. Unit Lump Sums

45% of savings from each bonus unit in excess of the 5% threshold will be paid as a lump sum to that bonus unit. The savings will be pro-rated from the week of implementation to 25th March 2007: the end of our financial year.

Further Clarification

The lump sum will be based on the number of weeks between the date of implementation of the savings and the end of the financial year.

Payments will be calculated from the additional savings made during each quarter.

For the purpose of calculating the 5% threshold for lump sum payments, savings made during the individual quarterly periods and during the initial scheme (Phase 1) which ended on 31st May 2006 will be aggregated.

Further Clarification

Example 1 - a unit that achieved 6% in Phase One will make no further contributions to the national pot because the level of savings to achieve the threshold are calculated on a cumulative basis. If this unit then achieved a cumulative 7% by the end of new Q1 this would give them a lump sum payment of 45% of the additional 1%.

Example 2 - a unit that achieved 4% in Phase One and 7% by the end of new Q1 will therefore make a 40% of 1% contribution to the national pot and receive 45% of 2% above the cumulative threshold (5%) as a lump sum payment.

*Please note these calculations are only to determine whether savings are paid locally or into the national "pot". It has **no** effect on the actual level of qualifying savings.*

Savings above the 5% threshold will be also be added into a national pool for consolidation into 2007/08 pay at the rate of 40%.

The actual payments will be made as soon as possible consistent with the validation of the qualifying savings.

5. Qualifying Savings

Under the terms of the scheme qualifying savings are those resulting from the implementation of permanent structural change that improves the efficiency of the unit. Primarily this means a reduction in ordinary hours or Scheduled Attendance which can be delivered by:

- **Removing jobs**
- **Turning full time jobs into part time**
- **Reducing part time hours**
- **Removal/Reduction of scheduled attendance hourage**

Further Clarification

There has been a reduction in the job/s or Scheduled Attendance hourage and the jobholder/s have either left or been moved to another duty by the appropriate date.

The permanent structural savings that are made must not adversely affect quality of service, the universal service, mails integrity or the operation of any customer contracts.

Reductions in overtime would NOT normally qualify as savings.

Further Clarification

The only exception to this is sustainable savings in Standard Scheduled Overtime:

*Definition - Standard Scheduled Overtime is overtime for a specific task that requires exactly the same level of hours, at the same times, on the same days, every week of the year (excluding Christmas) is regarded as standard scheduled overtime. Any unit that has Scheduled Attendance in place **cannot** claim for a saving related to Standard Scheduled Overtime **unless explicitly authorised** by the AGM.*

*Ad hoc overtime paid to cover traffic fluctuations, is **NOT** Standard Scheduled Overtime.*

Savings must be made as part of a signed agreement in order to qualify under the terms of this scheme and both parties are fully committed to reach such agreements. Where this is not possible however and savings are implemented by management action they will NOT qualify.

To qualify all savings must be agreed and implemented between 1 June 2006 and the end of the scheme on 25th March 2007. These savings must also be fully implemented within the relevant quarterly period to be treated as qualifying savings for that period.

5.1 Workload Changes

Savings driven by changes in workload do NOT qualify because they do not improve the efficiency of the unit.

Further Clarification

Loss of Work - If duties or Scheduled Attendance are no longer required because of an identifiable customer decision or an activity is ceasing (e.g. because of downstream access) the resultant savings are not eligible for the scheme. However exclusions such as these are subject to national agreement and should be explicitly noted by the Area with its return. The level of savings achieved should not be adjusted up or down due to general traffic fluctuations.

*Transfer of Work - If work is transferred to another unit or for example to administration roles the reduction in workload at the "losing" unit is not a qualifying saving under the terms of the scheme. In the "gaining" unit however any **net** reduction in ordinary hours or Scheduled Attendance compared to the equivalent hourage in the losing unit would qualify.*

5.2 Vacancies

Structural savings achieved by ceasing vacancies arising **during** any quarter of the extended scheme (Phase 2) can be claimed as part of the standard process for that quarter. Savings that are claimed for vacancies that **exist at the start** of any quarter must be individually signed off by the AGM.

5.3 Allowances

Allowances are only included in the calculation of qualifying savings if they are associated with an individual who is leaving the business or an SA that has been ceased.

Further Clarification

The reason for this is that where the individuals remain within the business their pay is protected by the MTSF Agreement i.e. the allowances are retained therefore there has been no reduction in the allowances achieved

5.4 National Initiatives

Permanent structural savings made through National Initiatives are treated as qualifying savings but the National Initiative involved must be documented in the local agreement as a cross-reference.

Further Clarification

Technology driven processing changes within Mail Centres are covered elsewhere and are NOT eligible for inclusion with this productivity scheme.

5.5 Reserves

Reductions in reserves can only be treated as qualifying savings if the **existing reserve ratio is maintained.**

Further Clarification

*Reserves can be included where duties are removed **and** the level of reserves is reduced in proportion but simply reducing the level of reserves would not qualify as a structural change.*

Savings in respect of reserves will therefore be audited by referring to establishment changes to RCS confirming the savings claimed in reserves is supported by a reduction in the equivalent number of duties.

5.6 Non-staff

While every effort should be made to achieve non-staff savings, they are **NOT** qualifying savings for the purposes of this scheme.

6. What is a Bonus Unit?

The bonus unit will remain unchanged from Phase One scheme.

7. Eligibility

The scheme is only applicable to the following CWU represented grades within Royal Mail:

- **Operational Grade (including cadets and weekend workers)**
- **Operational Support Grade**

The grades listed below are **not** eligible:

BBC Mailroom Operator

Letters Administrator 1 (LA1)

BBC Mailroom Assistant	Letters Administrator 2 (LA2)
Pfizers Mailroom Operator Representative	CWU Divisional
Cable & Wireless Postroom Assistant	Secretary Level 2 (SL2)
Manual Data Keyer	Secretary Level 3 (SL3)
Mail Screener Grades	All Engineering Service

8. Transferees

The qualifying date for individual's membership to a bonus unit will be the last day of the relevant quarterly period.

9. Individuals leaving on VR Terms

Individuals leaving on VR terms as part of this scheme will not be eligible to receive any lump-sum payments paid as part of the scheme.

10. National Interpretation

Any questions regarding qualifying savings that are not covered by these guidelines should be forwarded by the AGM to Dale Lang, IR Operations Manager.