

SECTION 3: EFFICIENCY AGREEMENT 2007-2009

Scheme Framework

Our people will have the opportunity to enhance their earnings through an office/site based lump sum Bonus Scheme.

The scheme will run during 2007/08 and 2008/09 and will be based on the success of local Units/Sites (Delivery Office, Mail Centre, Distribution Centre or Distribution Hub).

For 2007 the scheme will operate from 1 Oct. '07 to 30 March '08

For 2008 the scheme will operate from 1 April '08 to 29 March 2009

The Scheme **excludes**:

LGV Network Drivers in line with the Professional Drivers Agreement.

MDEC keyers and international who are covered by a separate bonus scheme.

5.1 Overall Principles

- The scheme is based on achievement of savings against the mails operations staff cash budget for a unit.
- The financial performance of the office during the periods October 2007 to March 2008 and April 2008 to March 2009 years will be calculated for each half-year accounting period.
- The scheme is measured only by staff cash savings: it is not hours based
- Bonus payments are not pensionable.
- A half share of any budget underspend will be paid, but it is not acceptable to make savings at the expense of the workplan. The local manager must ensure his unit achieves workplan and clearances each day.
- The bonus pool will be divided by the number of eligible employees (pro-rata for part-time staff) to give individual lump sum payments.

Royal Mail notes that CWU has not signed up to the business' budgets. The CWU has the right to raise any material anomalies in relation to the calculation of the level of savings achieved. Royal Mail will administer the scheme and the CWU will have access to all information relating to it.

5.2 Unit Budgets

Unit budgets will remain fixed throughout the year but adjustments will be made for various issues e.g. election, loss of major contracts, pay deal

5.3 Bonus Calculation

The employers' national insurance contribution will be deducted from any bonus pool achieved in relation to the above budget savings at a rate of 9.6%. The net amount will then be divided with the employees as appropriate eg £100 gross adjusted for NI (£10) leaving £90 net to share equally (£45 to employees).

All payments will be subject to tax and national insurance.

Co-located Operational Units will have their bonus assessed separately but can average the actual payments across both Units providing this has been agreed locally before the end of October 2007.

Loaned & Borrowed costs will be transferred through the Balance of Staff process

All our people within the Unit/Site will be included in the divisor for the bonus payments.

Payments will be adjusted for any Industrial Action in any 24 hour period.

Payments are subject to usual employee tax and National Insurance deductions.

5.4 Bonus Sign Off

The unit manager and the Area Commercial Manager will authorise payments.

There is no discretion allowed against the achievement of budget — budget is either achieved or it is not.

Information on the unit's performance will be shared with the CWU unit rep so they understand the data and can help us communicate the outcome.

5.5 Eligibility

5.5.1 Unit Definition

Bonus units will be defined as per the 06/07 scheme.

Each operational unit (delivery office, mail centre, distribution centre or distribution hub) will have its bonus worked out separately, even where they are co-located (e.g. DO and MC on the same site). Normally the bonus for each will then be paid to the appropriate employees. However, it is possible (provided it is agreed locally and people are told in advance) for the actual payments to be averaged across units if they are on the same site.

SPDOs can be linked together to parent units

DWP - to be treated as stand alone unit.

5.5.2 Employee Eligibility

All full-time, part-time, permanent and temporary people in all CWU represented grades in the unit are included.

Casual and agency employees are not included.

In order to receive the bonus employees will have to be in paid employment for 13 weeks during the relevant 6 month period and also on the payment date.

Transferees will be paid the bonus for their employing unit at the end of the bonus period.

5.6 Payment Dates

In 2007/08, one payment will be made in late May 2008

In 2008/09 two payments will be made, one just before Christmas 2008 and one in late May 2009.