

Mr Tony Harris
Assistant National Secretary
Communication Managers Association
CMA House
Ruscombe Business Park
Twyford
Reading RG10 9JD

31 January 2005

Dear Tony

Customer Management - 1 October 2004 Pay Review

Further to our recent meetings I am pleased to forward our formal open offer, which incorporates the points we discussed. I believe that this is a very good offer; CS managers now compare very favourably in terms of basic pay and bonus with external contact centre benchmarks, and the range of non pay benefits which are offered are, in my view, unmatched by any other industry benchmark.

The Offer

Basic rates of pay will increase by 3.1% effective from 1 October 2004. This increase will flow through to all pay allowances. The new pay scales will be:

CME1 £29,146 - £36,730

CME2 £25,166 - £31,923

CME3 £21,493 - £27,800

CME4 £18,729 - £24,329

CME5 £16,653 - £20,826

Inner London Weighting - £2,737

Outer London Weighting - £1,499

Difficult Recruitment - £ 667

Incentivisation

In line with our policy of rewarding the highest standards of performance the maximum potential bonus will be increased to from 10% to 12% salary scale for the bonus period starting 1 April 2005. This enhanced level of bonus will be available to those managers whose annual appraisal is either High or Outstanding, and will be based on achievement of agreed stretch annual objectives

Assimilation of ex RM Managers

It is our joint desire to effect a smooth transition for those ex RM managers into Customer Services, and to that end, I propose the following:

Common pay date of October. To ensure that ex RM managers have not been disadvantaged, and following feedback from many managers we exceptionally agreed to allow ex RM managers to benefit from the 3.1% RM April 2004 pay agreement. To recognise the move to an October 2005 pay date, I propose that an unconsolidated lump sum, of 1.55% is made to ex RM managers on April 1 2005
Improved annual leave and fully implement 41 hour week This will involve improving annual leave for all ex RM managers from the date of implementation of this agreement- this will be no later than 1 April 2005, and subject to a positive ballot, earlier than this. As a consequence of this, many ex RM managers will gain an additional 2.5 days pa annual holiday.

I will also move all managers onto a 41-hour week, again from the date of implementation of this agreement

Improved pay scales. The RM (National) and CS pay scales, post 3.1% are shown below. All ex RM managers will move onto CS pay scales w/e from 1 April 2005. For the vast majority of ex RM managers this will increase the max of the grade. EL/ML 5 managers above the new max will have pay protection as per the MTSF, and will benefit on an ongoing basis from any annually negotiated London and regional allowance increases. I will continue to honour current London and regional allowances, although you will appreciate that these pensionable allowances, may be separately

negotiated in future pay discussions, and they will not be available should the manager move workplace outside of the specified area.

Customer Services		RM/Sales- National	
CME 1	29,146- 36,730	EL/ML 1	31,000- 36,017
CME 2	25,166- 31,923	EL/ML 2	27,101- 31,900
CME 3	21,493- 27,800	EL/ML 3	23,440- 27,783
CME 4	18,729- 24,329	EL/ML 4	20,481- 24,313
CME 5	16,653- 20,826	EL/ML 5	18,548- 21,563

Improved Bonus Ex RM managers currently have access to an annual maximum bonus of either £1,950 (EL) or £1,650 (ML) I propose that all ex RM managers will be eligible for the CS bonus scheme for the year 2004-2005, which provides an opportunity to earn substantially more than this. This means that ex RM managers have the opportunity to earn a higher bonus in the next few months.

Harmonise Pay Incremental scales. Using the precedent from the TVL/RMCS harmonisation in 2000, I propose that ex RM managers are given the opportunity to retain their rights to any RM increment due up until August 1 2005 (in which case, they would then be eligible for the CS pay increment scheme in August 2006). Alternatively they can move straight from the RM scheme into the CS scheme from August 2005. Naturally, for those managers who choose the latter option, they would forego any RM increment due after the date of implementation of this agreement. For those managers who have received an increment after August 2004, and choose to opt into the CS scheme from August 05, the CS amount payable will be calculated on a pro rata basis from the date of the increment up to August 2005.

There is the opportunity to earn a higher % pay increment in CS, and also earn this on an annual basis. This means that there is now the opportunity for all ex RM managers to substantially increase their take home pay by a combination of higher bonus and/or more frequent pay increments, which in many instances, will each be larger than the corresponding RM increment.

Family Friendly Policies

The significant annual leave allowance, which is now available to CS managers, constitutes a significant move in support of family friendly policies.

I also propose to improve paid adoptive leave from four weeks to six.

I am happy to discuss and further develop Family Friendly Policies and will meet with CMA on this subject outside of the Pay Review.

This then constitutes the CS final offer to CMA, which I am sure encompasses the points we discussed and is a fair and reasonable offer.

I look forward to confirmation that this represents the basis of a negotiators settlement that can be recommended to your membership at ballot.

Yours sincerely

Lee O'Bryan

Deputy Director/ P&OD Business Partner
Royal Mail Customer Services