

# Letter to Branches

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General Secretary: Billy Hayes ([www.billyhayes.co.uk](http://www.billyhayes.co.uk))

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**TO: ALL BRANCHES WITH POSTAL MEMBERS**

Dear Colleague

## **BUSINESS TRANSFORMATION - 2010 AND BEYOND**

On the 5<sup>th</sup> November 2009 the Postal Executive endorsed the Interim Agreement, which suspended the national dispute and engaged both parties in an independent process for detailed negotiations over the future of the company.

We have now successfully negotiated an agreement entitled 'Business Transformation 2010 and Beyond' which is the culmination of 3 months detailed negotiations with the company. A copy of the agreement is attached to this LTB and should be supplied in hard copy to all representatives, including those attending this week's National Briefing. A final version is likely to include some presentational enhancements.

The agreement represents a major step forward for the Union and its membership and secures a number of significant achievements directly related to last year's national dispute.

Crucially, the proposed agreement enables change to be managed through properly negotiated terms with full CWU involvement and improved job security and benefits for CWU members.

The agreement was overwhelmingly endorsed by the Postal Executive on Friday 5<sup>th</sup> March. However, prior to the agreement being placed before the membership via an individual member ballot, the Union is determined to address the pensions issue and establish whether the Government will now finally accept its responsibilities, as the owner of the company, to find an acceptable solution. We will also be discussing today two amendments which have been shared with Royal Mail. Although these amendments do not alter the substance of the agreement, one of them involves ensuring the integrity of the interim agreement is maintained.

In considering the agreement, we have always said we cannot face away from change – none of us can. The agreement recognises the reality of automation, competition and the financial challenges facing the company – but it does so in a way that puts the interests of CWU members at its heart.

Fundamental to this agreement is a recognition from CWU that the communications industry is rapidly changing and that only by quickly embracing radical change and working together with Royal Mail will we secure the future for our members, customers and the company.

The following represents key points from the agreement in the order they appear: -

### **Modernisation – A Shared Vision**

We now have a shared vision of modernisation with powerful statements covering customers, employees and the future ambitions of the company. Importantly, Royal Mail has agreed that the vision statement also defines the overall objectives of the agreement. This will hold us in good stead for the future.

### **Transforming Relationships**

The prominence of this section of the document cannot be overstated. Both parties accept that unless there is a radical improvement in relationships at all levels, we cannot succeed. We now have a commitment to a new culture, where we identify common objectives, align interests and always seek mutually acceptable solutions to the challenges we face.

We have agreed principles that define the new culture and a programme of activity that will ensure it is embedded throughout the organisation.

Royal Mail has given an unequivocal commitment that CWU will be able to shape and influence key business policies before decisions are made. We will utilise the platform of a new relationship to restructure the Union in a way that ensures future Union finances can meet the priorities of the Postal Department.

### **Job Security/Managing the Change**

We have strengthened our existing Job Security Agreement and have secured an unequivocal commitment that the overarching objective is to complete transformation without recourse to compulsory redundancies.

Unlike most other worldwide postal administrations, who introduced the same machinery alongside a part time resourcing model, we have secured an unequivocal commitment to transformation being completed in 2013 with a 75% full time and 25% part time split.

We all know that the introduction of new machinery will bring about job losses. However, the negotiated package includes elements which will help offset these job losses and protect jobs in the future. This includes Door to Door now becoming part of measured workload, a shorter working week and strong commitments by the business to develop specific new products and services which will help grow jobs. It is important that our representatives utilise the terms of the agreement to minimise job losses in their local discussions.

The Job Security section also confirms that existing full time employees will retain full time status similarly part time employees will be entitled to retain their existing hours if they wish through transformation.

### **MTSF**

A number of significant improvements have been achieved to the existing MTSF agreement.

Excess Travel Expenses (Royal Mail Letters only)

- The cap on payments is raised from £15,000 to £20,000.
- For journeys with an annual cost of more than £1,250 the period of payment is extended to 5 years, the first three on the current basis (cost x 2); the fourth cost x 1 and the final year cost x 0.5.

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#### Relocation (Royal Mail Letters only)

- Relocation terms will be automatically available where cost does not exceed average cost of ETE for the unit.

#### EVR (Group wide)

- Changes to Inland Revenue rules mean that those under 55 will not be able to leave with immediate payment of pension after April 2010. For those aged 55 – 60 current EVR terms will be available **uncapped** until October 2010. From that date pension enhancement will be based on a 37.5% of maximum potential service and EVR terms will be available **uncapped** to those aged over 55, until April 2013.
- From October selection for redundancy will solely be in seniority order – the age criterion is scrapped.

Terms will be reviewed in October 2012 based on the financial position of the business and the progress of transformation.

#### **Generic Operational Transformation**

The introduction of new machinery means there will be a standardised 6 day work plan, alongside changes in attendance times including later Saturdays. However, we have built in safeguards to ensure we can review the work plan in practice to enable other important principles, including innovative attendance patterns with more Saturdays off to be delivered at local level.

The agreement ensures we are now able to place the CWU right at the centre of developing and influencing the World Class Mail Project. This will be achieved through effective involvement forums at all levels. Royal Mail has accepted any issues affecting employee terms and conditions will be subject to our normal negotiation procedures.

On future productivity we are now able to directly influence the company's benchmarking approach. This will help us understand why there is a broad range of performance and take appropriate action.

#### **Delivery**

The Delivery section has achieved the following: -

- Long standing conference policy removal of private cars on delivery confirmed.
- Achievement of conference policy removal of weight off the shoulder.
- Achievement of conference policy Door to Door into workload plus retention of the remuneration.
- A revised revision process that involves the CWU from start to finish which was one of the fundamental issues of the national dispute.
- A firm commitment from the business to a minimum of one in four Saturdays off.
- The establishment of a national review group overseeing Door to Door.

- Joint Workshops to determine and communicate work measurement and performance standards and the agreement of the revision tools which is another issue which was at the heart of the dispute.
- Strongest ever words on innovative duty patterns with built in review and support.

### **Mail Centres**

- We have secured a comprehensive involvement process that ensures the National Union can influence the mail centre strategy going forward. The agreement covers a 3 year period, which will provide the opportunity for CWU to further review mail centres strategy given that the rationalisation programme is likely to take 5 years.
- There is a structured process at Divisional, Regional and Area level to deal with proposed closures. This provides the opportunity for the Union to influence the options under consideration.
- The agreement includes improved arrangements and terms to deal with the impact any closures will have on CWU members.

### **Network**

- We have secured a robust Framework which reaffirms the ability of the Union to fully influence the shape and nature of change in Network. This will be supported by the establishment of new consultation and negotiation structures and agreed criteria for site rationalisation.
- We have secured a number of longstanding goals, including agreed terms and procedures for MVOS employees and a review of RDC performance/productivity payments.

We have established further negotiations on a progressive agenda which will include discussions on terms and conditions and reward on issues not covered by the agreement. Yearly national Network reviews will be fully negotiated and agreed.

### **Engineering Grades**

- Royal Mail reaffirms the role of its in-house engineering workforce.
- There is a new workload measurement system allowing a degree of local negotiation.
- There is a new Engineering Team Coach job, aligned to the operational shift. This is a new job with a higher rate of pay - the rest of the Engineering Team will remain on rotational shifts.
- The agreement provides a framework for maintenance of equipment outside the Mail Centre.
- There is a commitment to a program of training and professional development.

## **Fleet and Maintenance Services**

- We have secured commitment to joint negotiations and a framework for the deployment of change which reaffirms the ability of the Union to influence the shape and nature of change in Fleet and Maintenance Services.
- Both parties have committed to a review of every aspect of Fleet and Maintenance Services operation including workshop utilisation, shift patterns and duty content, expanded role of CSVs, role of third party contractors, garage network rationalisation and performance management and productivity. It is affirmed that change will be by negotiation and agreement.

## **Minority Grades**

We have secured extensive arrangements covering how change will affect all minority grades. We have also ensured that minority grades, including LA's receive the same value in the reward package.

## **Reward**

At a time when the company is uncertain about the future and faces unprecedented challenges, including volume decline, we have secured the stability of a 3 year reward package. The terms on offer will outstrip Government public sector pay policy and the trend that exists in virtually all major external companies due to the impact of recession.

The terms on offer include: -

- 6.9% (over 7% taking into account the compound effect) increase in basic pensionable pay flowing through to everything.
- Through pay simplification we have consolidated existing monies and created new additional and permanent (non pensionable) basic pay supplements, which will rise in value in future pay rises and be paid 52 weeks per year. This will ensure the Union continues to prioritise higher guaranteed pay.
- The first reduction in working hours since 2000. When benchmarked with external companies the hour reduction places Royal Mail workers very favourably and up with the best in the UK in terms of the length of the working week. Although the reduction is on gross hours, in net terms it will mean delivery employees are working 35 hours 40 minutes per week and mail centre employees below 35 hours due to relaxation allowances.
- We have increased paid maternity leave from 18 weeks to 26 weeks and paid paternity leave from 1 week to 2 weeks.
- Overall cash lump sums on offer through the course of the agreement, linked to transformation, are likely to exceed £2,500. This includes an enhanced approach to colleagueshare.
- The opportunity for local units to negotiate additional earnings packages through regular SA and overtime in conjunction with innovative attendance patterns.

## Deploying the Agreement

We have agreed a completely fresh approach on how the agreement will be deployed. This includes greater support for local representatives and will ensure the focus is on joint problem solving and practical solutions rather than disagreement, imposition and industrial action.

## Reviewing the Agreement

In order to build trust Royal Mail has agreed to continue with the independent involvement of Roger Poole and the Chief Conciliator of ACAS. We will all recognise that their involvement has served us well and places a very strong discipline on both parties to honour the agreement. We would also like to place on record our thanks to Roger Poole and Peter Harwood, Chief Conciliator of ACAS for their assistance to date.

## Communications

The Union is putting in place a substantial communications plan which will cover a National Briefing, meetings and individual member communications.

We will outline a provisional ballot timetable this week, which will be confirmed following the outcome of our discussions with Government and Royal Mail on pension issues.

## Pensions

The Postal Executive are fully aware that unless we identify a Government led solution to pension problems, then the company still faces huge financial challenges and CWU members could face the prospect of a further attack on their pension entitlements.

To counter this, the Union has continued to campaign for the Government to face up to its responsibilities and put in place a solution that can secure the future. In recent weeks the Union has published our policy paper and has continued to meet senior politicians, the trustees and Royal Mail.

Previously, the Government has made it clear that a modernisation agreement is the key enabler to them taking appropriate action. Now we have secured an agreement it is essential that we discuss the matter further with the Government and Royal Mail before confirming a ballot timetable on the agreement.

## Summary

By any standard the proposed '*Business Transformation 2010 and Beyond Agreement*' is comprehensive and covers virtually every aspect of change. It provides the Union with the best opportunity to be fully involved at every stage and at every level of our organisation. We can justifiably state that we have delivered on the commitments we made at the start of the national dispute. Whilst some of the changes in the proposed agreement will not be popular – everybody knows they are unavoidable with or without an agreement.

We believe CWU members will recognise that we can no longer face away from change and that modernisation is a necessity if we want Royal Mail to survive and prosper in a rapidly changing communications industry.

We also believe that CWU members will appreciate the benefits that can be derived from this agreement set against what they know is happening everywhere in the current external environment.

We recognise there will be doubts in the field, from both parties, over the major commitment to forge a new relationship and build a new culture of mutual interest across the organisation. However, we genuinely believe that the company are serious about moving our relationship forward and we are confident that with the continued assistance of Roger Poole and ACAS a new relationship will be delivered at all levels.

It is important that Branches give full consideration to the comprehensive nature of the agreement and recognise that the context the business now operates within is unprecedented. Given where we started from, we believe we have now reached an agreement that is worthy of support from all Branches and CWU members.

Further communications explaining the agreement in detail will be sent out in due course.

We have also attached a copy of a statement from Roger Poole who is the Chair of the independent process.

Yours sincerely

Dave Ward  
**Deputy General Secretary (P)**

Martin Collins  
**Assistant Secretary**

Ray Ellis  
**Assistant Secretary**

Billy Hayes  
**General Secretary**

Bob Gibson  
**Assistant Secretary**

Terry Pullinger  
**Assistant Secretary**



Agreement 1200 PDF  
8th March.pdf

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## **A message to all staff in Royal Mail Letters from Roger Poole the Independent Chair**

### **Royal Mail and CWU reach agreement**

As you know, with the assistance of ACAS, I have been chairing the negotiations between the Royal Mail and the CWU. These negotiations were completed on Sunday the 28th of February and a report was made to the CWU Executive Committee last week.

The agreement was overwhelmingly endorsed by the Union's Executive Committee. CWU members will be balloted soon on the contents.

This agreement, if accepted by the members of the CWU, will secure the future of the business and allow the Royal Mail to become a profitable and successful enterprise. At the same time it will secure jobs in the long term and allow for employees to be properly rewarded.

It is the stated intention of both parties that "the agreement will be consistently deployed at local level with continuity of service in a way that means managerial executive action and industrial action become unnecessary". The new relationship agreement will start the long haul necessary to bring about this important change in relationships between Royal Mail and the CWU. Nobody pretends this will be easy but both sides have committed themselves in good faith to achieve a new start and have asked me and Peter Harwood, the Chief Conciliator of ACAS, to continue to support them through the initial stages of deployment.

I want to thank the negotiators on both sides for the manner in which these long and complex negotiations took place and ACAS for their invaluable support. I believe this agreement bodes well for the future of the Royal Mail, its customers, the CWU and its members.

I know that staff will want to give this agreement serious consideration and hope that this will lead to a positive outcome to the ballot.

I wish you all well for the future.

**Roger Poole**