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Group: Communication Workers Union

@CWUnews

Our Ref: AF/LS/101

Date: 4th April 2018

From the office of **Andy Furey** Assistant Secretary

Email: afurey@cwu.org | Direct line: 020 8971 7361

Paula Vennells
Group Chief Executive
Post Office Limited
Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

Dear Paula

CWU FORMAL PAY CLAIM 1ST APRIL 2018 – ALL GRADES

You will be aware all CWU members working for the Post Office have a pay claim date of 1st April 2018. Accordingly, please accept this letter as submission of our formal pay claim which has been unanimously endorsed by our Postal Executive at its meeting today.

Our pay claim is based on analysis of a range of key economic indicators and the Post Office's significantly improved financial position. You have confirmed the Post Office is in profit for the first time in 16 years and this position is expected to improve further with an achievable target of c.£30m for the financial year just ended. CWU members have helped to deliver this impressive improvement in profitability and this should be tangibly recognised via a fair pay settlement.

Consolidated Pay Increase in Excess of RPI Inflation (Unconditional)

Our members deserve an inflation-plus pay award that improves their living standards and rewards them for their vital ongoing contribution. Therefore, on behalf of all of our members across the Post Office, the Union is seeking an "unconditional" one year consolidated pay increase in excess of RPI inflation flowing through to **all** Allowances including London Weighting, Scottish Distance Islands Allowance and overtime rates.

We would, of course, seriously consider the merits of reaching an agreement for multiple years if this was proposed by the Post Office. Indeed a Pay Agreement covering more than one year could actually be advantageous to all as it would help to foster an environment of stability and certainty for our members particularly if an agreement was to also include a settlement to our recently submitted pension claim.

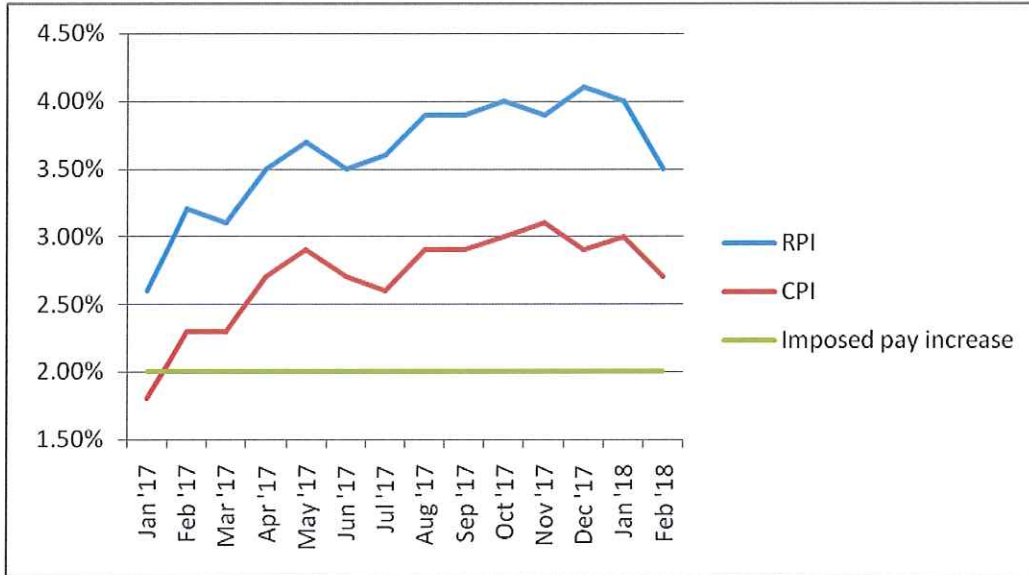
Given that the Retail Price Index currently stands at 3.5% (February '18) and is predicted to remain around 3.5% over the coming months, this is a reasonable claim and is a necessary requirement in order to make up some of the lost ground in recent years when our members have received below-inflation pay rises.

General Secretary: Dave Ward

Facebook: Dave Ward CWU @DaveWardGS

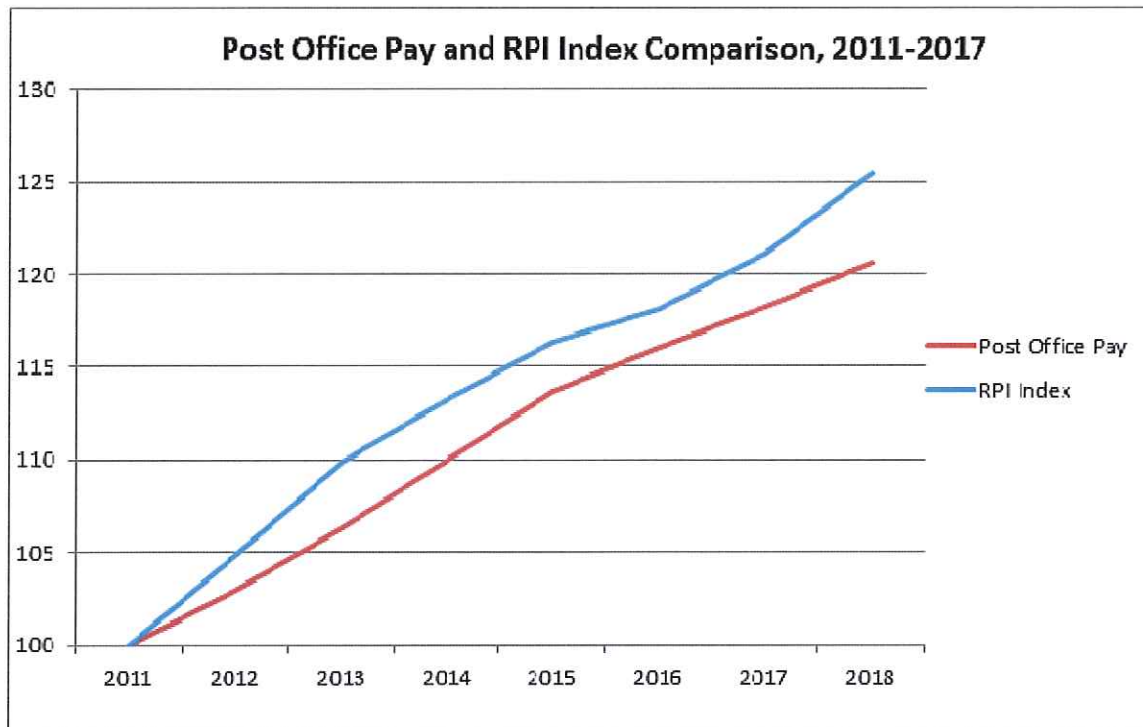
The following chart clearly demonstrates just how poor the Post Office's imposed pay rise of 2% last year was in comparison to the cost of living.

Last Year's Imposed Pay Award v Inflation



Source: ONS

In addition, the following chart shows that the 2% imposed pay increase was the worst settlement versus inflation (RPI) since 2011.



The y axis is an index, beginning at 100, to comparatively demonstrate the changing relationships, year-on-year, between annualised changes in RPI and Post Office pay rates.

The Following issues remain to be addressed following last year's unsuccessful pay claim and consequently I wish to include these key elements as an integral part of a pay settlement:

Incentive Schemes – Crown Customer and Sales Incentive & the Admin/Supply Chain Bonus Scheme

I wish to jointly review, negotiate and agree a revised incentive scheme for Crown Office members for introduction from 1st April 2018. All of the feedback received from our members strongly indicates that they fervently believe the current scheme is unfair, not fit for purpose and poorly rewards them for their endeavours. This is substantiated by the quarterly reports (provided by David Ascott) which disappointingly show that over 50% of Crown Office members received less than £100 for each of the last 3 quarters.

In regard to the above, I am pleased to have received from David Ascott, Head of Reward, on 15th March 2018 a formal proposal for a new incentive scheme for our Crown members. I see this as a positive. Additionally in regard to all incentive schemes, our claim is to jointly explore the possibility of consolidating current bonus monies from the schemes into basic pay. By the same token, I also wish to jointly consider whether improvements are required for the annual bonus scheme for Admin & Supply Chain members.

Improvements to Scheduled Attendance Rates for Crew Members

Our Crew members particularly over the last year have felt the impact of reduced earnings due to the cessation of the external contracts which resulted in the loss of regular earnings opportunities via Scheduled Attendance payments and overtime earnings. In view of this position, we would seek to raise Scheduled Attendance rates considerably to a more realistic level.

Improvements to Annual Leave Entitlements for Members Below the 6 Weeks Maximum

I am seeking parity for all members in regard to their annual leave entitlement. Specifically, since April 2001, members attain 6 weeks annual leave after 15 years service. I believe in today's modern society, all members, irrespective of service, should have equality of treatment in respect of time away from work for rest and relaxation (annual leave). For example somebody with 2 or 3 years service is no less deserving of 6 weeks annual leave than somebody with 30 years' service. As I know you are a champion of equality, I would hope that this particular aspect of our claim resonates with you particularly from the perspective of fairness.

Improvements to annual leave entitlements are long overdue with the last improvement being made 17 years ago (when we reduced the time served to 15 years from 20 for maximum annual leave entitlement). The current arrangements are archaic and penalise new entrants and members with relatively short service. We know from feedback received from members that fairness by raising everyone to the maximum annual leave of 6 weeks is something they would wish to see introduced.

No Repetition of Executive Action

I am urging you to direct your negotiating team to bargain with the aim of reaching a Collective Agreement in a way that meets our members' aspirations, thus ensuring we avoid a repeat of what transpired last year whereby the Post Office took Executive Action and imposed a 2% increase for all members. This approach was fundamentally inappropriate and unnecessary particularly as negotiations had not

broken down. Furthermore, this provocative action by the Post Office effectively took away from our members the opportunity to participate in the democratic process of supporting a pay agreement.

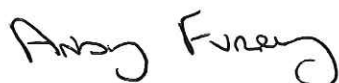
Our members would naturally expect the Post Office to commit to working together with this Union in order to rebuild confidence and trust in Collective Bargaining. A positive approach to negotiations is necessary and has to be the desired way forward from all parties. We have already started to see good progress being made with the support of Acas to ending the adversarial relationship that has prevailed in the past and the Union is keen to continue in this positive mode by developing the relationship further. Integral to this has to be a properly negotiated Pay Agreement and I sincerely hope the Post Office shares this principled objective.

Conclusion

In summary, the Union believes that a combination of rising inflationary pressures and continued increases in the Post Office's productivity, efficiency and profitability provides a compelling and affordable case for a consolidated pay increase for all CWU represented grades greater than the current inflation rate which was 3.5% at February 2018. In seeking a one-year agreement, a review of Incentive Schemes and other benefits, the CWU's priority is to improve members' living standards and to unconditionally reward them for their ongoing and significant contributions to the success of the Post Office.

In closing, in regard to communications, I will of course be advising our members that this formal pay claim has been submitted and as such I look forward to a positive response. In this regard, I would like to offer Monday 23rd April for a meeting to commence meaningful negotiations with your team with a view to finding as a priority a mutually agreeable way forward that we can recommend to our members.

Yours sincerely



Andy Furey
Assistant Secretary

c.c. Alisdair Cameron, Chief Financial Officer
Martin Kirke, Group HR Director
John Whitefoot, Employee Relations and Policy Director