



Andy Furey
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Dear Andy

Post Office Ltd Supply Chain Pay & Change Agreement 2010-11

Further to our recent meetings, I am writing to confirm the details of the one year pay and change agreement for 2010-2011 for Post Office Ltd - Supply Chain.

The agreement applies to all CWU represented grades within Post Office Ltd – Supply Chain based in Depots, Cash, Bureau, Coin Centres, Swindon Warehouse, Inventory Teams and Admin Operations such as Head Office and the Customer Centre of Excellence at Newcastle.

This pay offer represents the best use of the monies available and this agreement also covers the change programme for this financial year to ensure that Supply Chain remains efficient, competitive and sustainable.

The **pay offer** is structured as follows:

Postal Assistant's

- A £10 per week consolidated pay increase, flowing through to overtime. This is to be backdated to 1st April 2010. This will give a new annual rate of £16,954, a weekly pay rate of £325 and hourly pay rate of £9.29.

Postal Officer's and LA1's

1. A 2.9% consolidated pay increase, flowing through to overtime. This is to be backdated to 1st April 2010.
2. For PO's this will give a new annual rate of £20,783, a monthly rate of £1731.92 and an hourly rate of £11.38.
3. For LA1's this will give a new annual rate of £21,229, a monthly rate of £1769.08 and an hourly rate of £11.63.

Swindon SO1's , CL5's and Typist



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1. A 2.9% consolidated pay increase, flowing through to overtime. This is to be backdated to 1st April 2010.
2. There will also be a 1 hour reduction on the working week for all full time CL5 and SO1 colleagues, which will take effect as soon as possible following the ratification of the pay agreement. The details of how this is achieved will be agreed locally. It is anticipated this change will be in place no later than 3rd January 2011. Taking this and the move the net hours for CL5 colleagues, will mean that the full time working week is 36 hours net.
3. At the same time as the reduction in the working week and in the spirit of harmonisation, the existing SO1 shift payment which covers colleagues working between 19:00hrs and 22:00hrs Monday to Friday and would, if uplifted by 2.9%, have been £27.88 per week will cease. From that time SO1 colleagues will claim Night Duty Allowance, ($£10.25 \times 0.22 = £2.26 / \text{hr}$), for the hours worked between 19:00hrs and 22:00hrs instead.
4. Working hours for CL5's will change from Gross to Net hours, which increases the hourly rate but does not increase basic pay.
5. With effect from the 4th April 2011, there will be a further reduction in the working week for all full time CL5 and SO1 colleagues, giving a full time working week of 35 hours net. Details on how this will be achieved will be agreed locally.
6. Again in the spirit of harmonisation and at the same time as the introduction of the reduction in the working week, overtime multipliers will be brought in line with the rest of Supply Chain, (Mon to Fri – 1.0 and Sat – 1.3)
7. As the reduction on the working week increases the hourly pay rate, part time colleagues will receive a pay increase based on this increase in the hourly rate rather than a proportionate decrease in the working week based on their working hours.
8. The current bonus schemes will be turned into a permanent non-pensionable pay supplement on top of basic pay. This equates to £14.20 per week for SO1's and £50.00 per month for CL5's. The supplements flow into hourly and overtime rates and will come into effect from the 1st January 2011 and therefore all bonus payments up to that point will be honoured.
9. The current bonus schemes will cease after 31 December 2010.
10. The Specialist Typist grade will take on the pay and terms of a CL5 grade from implementation of this pay agreement.
11. All CWU colleagues at Swindon will now be covered formally under Post Office Ltd policies and terms and conditions.
12. Accepting the uniqueness of the site both parties agree to work proactively together to create and deploy a form of event driven overtime which guarantees coverage and earnings whilst maintaining efficiency and reducing the sites usage of agency staff.



Crew

1. A 2.9% consolidated pay increase, flowing through to overtime and scheduled attendance. This is to be backdated to 1st April 2010.
2. With effect from 3rd January 2011 there will be a one hour reduction on the working week. This will increase the hourly rate and will flow through to overtime and scheduled attendance rates. This change is to be predominantly self-funded i.e. the hours will not be replaced where possible. Details on how this will be achieved will be agreed locally.

Allowances

1. Defined Area Payments, Call Out, Self Managed Unit and Supervisory allowances will be increased by 2.9%.
2. The LGV day allowance will stay at one fifth of the difference between the basic Crew rate, (£432.18) and the basic LGV Crew rate, (£475.40).
3. London Weighting is covered by a separate pay negotiation and has already been subject to a 2% increase in May this year backdated to April.

Premium Rates

- There is no change to SA, Overtime, NDA, Saturday Premium or Bank Holiday Multipliers.

All - Lump sum payments

- A payment of £400 per person will be made as soon as possible following ratification of this agreement by colleagues. The lump sum payment will be pro-rata for part time colleagues.
- A further payment of £600 ColleagueShare dividend will be paid in April 2011 salaries and is conditional on delivery of the change programme this year.
- The productivity scheme implemented in the 2007 pay agreement will cease with immediate effect. Work on a new scheme which may potentially have national and local elements will be completed in time for deployment in April 2011.

A comparison of current versus future pay rates can be found in Appendix 1.

The **Change Programme** is in three distinct areas as follows:

1. Inter Depot Services Review (IDSR)

The national agreement covering this change can be found in Appendix 2.

2. Implementation of up to 20 CAT VIII vehicles to be used by Single Crew Person's

The national agreement covering this change can be found in Appendix 3.

3. Local route reviews and resource meetings

To enable the implementation of the shorter working week, to improve efficiency in the Supply Chain operation and also to allow the take on of a number of new external customers in the coming months, route reviews will need to take effect before the 3rd January 2011.



This agreement will also see the reinvigoration of local weekly resource meetings and monthly route revision meetings between Unit Managers and local CWU representatives.

Supporting deployment of the change programme

To facilitate the implementation of the change programme, a voluntary redundancy exercise will be run on the following basis:

- The relevant communities in the depots directly affected by the IDSR and CAT VIII changes, will be provided with an opportunity to leave on Voluntary Redundancy (VR) or stay with the business and seek alternative work, in line with the Managing the Surplus Framework (MtSF) agreement for CWU colleagues.
- All other CWU graded colleagues in Supply Chain (excluding those in support teams and Swindon Warehouse) will also be asked their preference to allow bumping opportunities to be explored.
- If there are any resultant surpluses and no suitable alternative roles then they will be managed, in line with MTSF, by their local manager in Supply Chain, where they will be provided with support in job searching and used as reserve staff in units until a suitable solution is found.
- As per the CAT VIII agreement, the preference exercise will also ask Crew colleagues whether they would be willing to undertake CAT VIII work on a single person basis and therefore receive the pensionable skills allowances and early adopter lump sum payment as outlined in the CAT VIII agreement.
- A separate Voluntary Redundancy exercise will also be run at Swindon Warehouse.

This pay and change agreement supports the ongoing requirement for Post Office Ltd - Supply Chain to become more efficient, competitive and sustainable, showing that both parties are behind this goal.

The next pay review date will be 1st April 2011.

Yours sincerely

Deborah Moore
HR Director
Post Office Ltd



Appendix 1 – Comparison of current versus new pay rates

Grade	Current Pay Rates			New Pay Rates		
	Annual	Weekly	Hourly	Annual	Weekly	Hourly
PA	£16,425	£315.00	£9.00	£16,954	£325.00	£9.29
SO1	£17,982	£344.62	£9.32	£19,243*	£368.88	£10.25
CL5	£18,725	£358.86	£8.55	£19,868**	£380.86	£10.58
PO	£20,189	£387.19	£11.06	£20,783	£398.41	£11.38
LA1	£20,622	£395.49	£11.30	£21,229	£406.96	£11.63
Crew	£21,910	£420.00	£11.67	£22,545	£432.18	£12.35
Crew – Night Worker	£26,730	£512.40	£14.23	£27,505	£527.26	£15.06
LGV	£24,101	£462.00	£12.83	£24,800	£475.40	£13.58
LGV - Night Worker	£29,403	£563.64	£15.66	£30,256	£579.99	£16.57

These are scale maximums, full pay ranges will be provided in the pay directive.

- * Includes a non-pensionable pay supplement of £740.00
- ** Includes a non-pensionable pay supplement of £600.00

The above rates take into account the reduction of an hour from the working week for SO1, CL5 and Crew colleagues that is due to be implemented in this financial year i.e. the new annual and weekly rates apply from April 2010 but the new hourly rates above only for SO1, CL5 and CREW colleagues once their respective short working weeks have been introduced.

For comparison purposes, the Swindon Typist's rates are currently £9.92 per hour and £367.18 per week. There is also currently a performance related annual bonus of £400.

The further reduction of an hour from the working week for SO1 and CL5 colleagues as at the 4th April 2011 will give SO1s an hourly rate of £10.54 and CL5s £10.89



Appendix 2 - A National Agreement between Post Office Ltd Supply Chain and the Communication Workers Union (CWU) for the deployment of the Inter Depot Services Review that supports the Supply Chain network for internal and external customer service requirements

Introduction

Post Office Limited - Supply Chain has over recent years made many operational changes including network rationalisation, depot reviews, new customer requirements and the return of Safenet trunking to Royal Mail.

This has led to the need for Post Office Ltd- Supply Chain to review the requirements for its own network and current customers and has recognised it needs to be able to have a customer offer that meets the needs of current and potential customers.

The Inter Depot Services Review is a vital tool in ensuring our trunking is fit for purpose, meets our own and our customer's needs, is future proof to meet the growth of our external customer aspirations and supports Supply Chain's strategy to remain a viable and sustainable provider of services to Post Office Ltd, Royal Mail and External Customers.

IDSR Aims & Objectives

- The timely movement of cash between our own cash centres to ensure required availability of cash to provide Post Office branch network with its requirements.
- External customer deposits to reach external Cash Processing Centres by 07:30 next processing day (Day B)
- Weekend external collections to be deposited in to Cash Processing Centres by Monday morning.
- Core Note/Coin Club work to be catered for whilst understanding that this work fluctuates.
- Post Office Ltd internal work to be deposited in line with external banking criteria of 07:30 depositing.

Agreement

This agreement enables the following:

- Single person trunking, on lower value routes, in line with the security risk assessment and to the agreed value limits as provided to the CWU at national level.
- Maximising hub distribution principles that facilitate effective distribution networks and early delivery of customer deposits in to the internal and external cash centre network.
- Q of S improvements for Monday cash centre deposits, which will require additional services.
- Retention and growth of coin/note club work
- The Industrial Relations framework will apply to local issues and not the Inter Depot Service Review key principles i.e. Hub or single person principles.
- To facilitate the successful deployment of this agreement, local reps will be granted appropriate levels of release.
- All elements of IDSr will be implemented by 3rd January 2011, in line with the shorter working week.

Any points of clarification will be passed to the signatories of this agreement to be resolved.



Signed for Post Office Ltd

Keith Rann
Head of Supply Chain

Signed for CWU

Andy Furey
Assistant Secretary



Appendix 3 – National Agreement between Post Office Ltd Supply Chain and CWU for a ‘Proof of Concept’ Trial for the operation of CAT VIII Vehicles by a Single Crew Person

Introduction

A key aspect of our national agreement “Securing the Future of Cash Services” was enshrined in the following commitment:

- *“Future focus will be on securing and retaining profitable customers, growing the business whilst delivering good quality of service.”*

To this end, this agreement is specifically designed to ensure that the environment we operate in is conducive to delivering the above key principle.

Background

Post Office Ltd - Supply Chain operates in a highly competitive market in respect of CViT. The competition is continually attempting to increase market share by reducing prices with the purpose of retaining and winning new contracts. In essence, this approach is enabled by cost reduction.

Post Office Ltds view is that it is evident that our competitors are increasingly reliant on the use of Single Person Vehicles in its operation. Clearly, if this approach was adopted in Post Office Ltds Supply Chain, it would strengthen our position on price when looking to win more external contracts.

It is important for Post Office Ltd - Supply Chain to continue to offer industry leading levels of customer service while remaining as competitive as possible on price. However, there is a determination by both Post Office Ltd and CWU that any agreed change that takes place in any form, will not compromise the safety of our employees / members.

Key Principles

The purpose of this agreement is to introduce a “Proof of Concept” trial that ensures the necessary protections and safeguards are put in place, whilst assessing the effectiveness of the trial in relation to duress attacks, general health and safety and working practices.

The introduction of this agreement is without prejudice to any future negotiations surrounding these issues and as such does not in any way set a precedent. There will be no extension beyond the scope, dates and numbers agreed in this Proof of Concept trial unless agreed by both parties.

Post Office Ltd considers that the move to increase the number of single person vehicles is a safer way of operating and will help to reduce and / or eliminate duress attacks. The CWU for its part is currently not convinced by this assertion; therefore, the Proof of Concept trial will critically examine / review this key issue together with trends and comparisons with past attack statistics

The trial will operate on a purely voluntary basis from Monday 3rd January 2011 for 16 weeks, up to and including Friday 29th April 2011 and will apply and be deployed as follows:

- It is restricted to up to 20 CAT VIII vehicles, only where vacancies arise via the VR exercise.



- The CAT VIII will be operated in single person mode and must be resourced by a volunteer from within the same depot who is willing to undertake this work.
- The 20 crew people who volunteer and are successfully assigned to a single person operated CAT VIII for the duration of the trial will receive a £320 introductory one-off payment, which will be paid in full with the wages on Friday 7th January 2011.
- The £320 incentive payment is designed to encourage volunteers to embrace new ways of working whilst recognising their additional responsibilities i.e. lessons learnt and issues log, during the trial.
- There will be the introduction of a weekly skills allowance of £43.22 payable from day 1 of the new way of working to crew operating the CAT VIII vehicles in single person mode on retail duties. The allowance will only be pensionable for CREW colleagues in the Royal Mail Pension Plan and not for new Defined Contribution Pension scheme.
- Following the criteria of the trial being met this weekly skills allowance would continue and be paid to further crew involved in the rollout of CAT VIII vehicles being operated in single person mode.
- In the event that fewer than 20 volunteers come forward (on both VR and operating the CAT VIII in single person mode), all remaining CAT VIII's will continue to be crewed by two people.
- Volunteers covering annual leave / sick leave will receive the allowance of £43.22 per week or £8.64 per day.

Scope and Roll-out

The aim will be to ensure the widest distribution of CAT VIII's across the in-scope network. The actual deployment of up to 20 single-crew CAT VIII's will be agreed jointly by POL/CWU at National Level taking into account other areas of the change programme.

- All depots, which currently operate Cat VIII's are in-scope, however as a guiding principle we will be using duties and routes which have the lower total values on them, with the exception of the following units: -
 - Belfast
 - Birmingham
 - London Central
 - London East
 - Manchester
- A VR preference exercise will be conducted amongst all retail crew grades in depots which are in-scope and the selection criteria will be in line with MTSF.
- The CWU and Post Office Ltd - Supply Chain will jointly identify and agree a roll-out for both routes and depots which will operate the single person CAT VIII's (this process will be informed by the preference exercise that seeks volunteers to operate CAT VIII in single person mode, coupled with volunteers for VR).



- The criteria for choosing the routes for single crews will be those which regularly, on a combined basis, carry and receive the least amount of money. Specifically, there is a requirement for this being less than £1m at any time.
- Where there is a surplus of volunteers wishing to engage in the trial and receive the £320 payment and allowance, an agreed selection criteria will apply.
- Full training for the new ways of working will be provided, to ensure safety and compliance.

Success Criteria

This 'Proof of Concept' is about proving whether a CAT VIII can successfully be used to perform retail services in single person mode.

The definition of success criteria does not include the operation and principle of single person retail services per se.

The determination of success will be linked to ensuring that there is no discernable deterioration directly attributable to the operation of CAT VIII's in Single Person mode.

The following areas will be monitored and examined to determine the success of the concept:

Health and Safety
Compliance
Quality of Service
Criminal Activity

Monitoring

The trial will be jointly monitored on an ongoing basis and there will be full involvement and engagement of local CWU representatives in reviewing the effectiveness and appropriateness of the new ways of working for CAT VIII vehicles. Local CWU reps will also be afforded appropriate release each month to discuss local outputs with CWU HQ in order to provide feedback and share experiences.

At national level, there will be full information share, including reports from which each local unit will be reviewed and the Proof of Concept trial evaluated on an ongoing basis following completion of weeks 4, 8, 12 and at the completion of the trial. This monitoring will take into account full health and safety compliance including any injuries or accidents arising from this new approach.

During the trial, all those participating will be required to frequently feedback their experiences and views using a template which will capture both factual and subjective comments. The content of that template must be discussed locally on a weekly basis and will be used to inform national parties so that they are able to have a considered opinion post trial.

Next Steps – Post Trial

If the outcome of the trial is determined to be successful, by both parties, there will be further national negotiations with the aim of reaching an agreement. However, in the event that both parties conclude the trial was not successful, then the resourcing of the 20 CAT VIII vehicles will return to full pre-trial staffing levels with two person crews.



Communications

There will be joint communications at the launch of the Proof of Concept Trial, including face-to-face briefings where appropriate. All communications during the trial will also be jointly agreed.

Disagreements

Any disagreements arising from the implementation of this agreement will be directly escalated to the signatories of this agreement for fast-track resolution.

Signed for Post Office Ltd

Signed for CWU

Keith Rann
Head of Supply Chain

Andy Furey
Assistant Secretary