Dear Colleague,

In February, we announced our agreement on pensions, pay, the shorter working week, culture, operational changes and the Agenda for Growth. We are pleased to have reached a deal that works for the Company, its people and its customers. However the agreement recognises the many challenges we face from past, present and future influences, and we are acutely aware that our strategy to meet those challenges is via mutual interest evolution and not revolution.

Progress Update

Some elements of the agreement, including the pay increase and moving past pension provision into the current transitional arrangements have already been deployed.

Working together, we have also made further progress this year:

- Government is currently working through proposals for the first Collective Defined Contribution schemes in the UK. It intends to launch a formal consultation in the autumn.
- We have carried out audits in all offices to try and expose the local challenges of resourcing and Quality of Service failure, and local action plans should be agreed.
- We are developing technological changes to try and help improve resourcing planning and enhanced service offerings, including the use of PDA Outdoor Actuals.
- We have launched trials in the operation, including Delivery Methods and Automated Hours Data Capture, to help improve efficiency and productivity.
- LAT changes to the Network and Distribution operations are allowing next day delivery of parcels accepted into the operation up to 1.30am.

This start point of our key strategic planning to be in front of the inevitability of the 4th Industrial Revolution and the changing dynamics of traditional Royal Mail activities enables us to continue planning how we further modernize employee working time/benefits and our operations consistent with our agreements.

Our agreement committed us to immediately plan for the introduction of a one hour reduction of the working week, or equivalent benefit, in October 2018. Clearly that required implementation agreements in all units, functions and grades across our operations. Today we can confirm that the vast majority of units, functions and grade agreements are in place to deploy the first hour or equivalent benefit from the 1st October 2018. This will benefit some 119,500 people and reflects an unprecedented scale of local agreements being reached within these timescales.

Implementation

Whilst benefits will be applicable from the date of implementation of the shorter working week in each unit, depending on the date of sign off, some people will receive the revised pay arrangements (i.e. increased hourly rate and subsequent flow through to other elements of pay) with immediate effect whilst others will receive backdated revised pay changes as PSP catches up.

Against that backdrop the [vast] majority of sites had completed all necessary work by the 12th of September and these units will ‘go live’ with the first hour from 1st October, with all pay rate changes reflected in PSP immediately.
Other units & functions that were able to complete their agreements by the 21st September 2018, will also go live on 1st October 2018, but payroll changes via PSP will not catch up until 29th October, but will be backdated to the implementation date.

However some units have not managed to reach agreement locally yet and everyone is working hard to enable agreement ASAP; if those agreements get over the line and can deploy by the 5th October 2018, they will also see PSP catch up by the 29th October 2018, and associated pay changes will be backdated to the date of deployment.

Any units still outstanding will follow the above pattern i.e. agreement deployed and then PSP process activated and pay related changes implemented when PSP catches up, backdated to the date of agreement deployment.

Both parties recognise that the business is approaching the peak period with regard to seasonal volumes. Given this it is accepted that there may be circumstances where it would not be prudent to deploy change during the pressure period. Exceptionally, in such circumstances where agreement is reached but a decision is taken not to immediately deploy, on deployment pay related changes will be backdated to the date agreement was reached.

It is important that once deployed, we all work to ensure the changes are successful as that success is important to the current quality and financial performance of the business, and drives confidence in building towards a further hour’s reduction or equivalent benefit in 2019.

**Path to 2019**

While we are pleased to have achieved this very high level of agreement on how to implement around the first hour we should not lose our focus on resolving the arrangements for the remaining units and seek to have them all over the line in or as close to October as possible. We are also working together to achieve a further one-hour reduction to the working week from October 2019.

The formula for the next hour in October 2019 will be detailed in the 2019 pay review based on a joint evaluation of inflation as of the 1st April 2019, any implementation of agreed changes from our joint trials, on-going efficiency and any other operational and technological agreed changes.

Equally discussions will continue to consider how the rest of the reduction of hours or equivalent benefit, will be achieved consistent with our agreement.

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**Sue Whalley**  
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**Terry Pullinger,**  
Deputy General Secretary Postal,  
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