

No: 607/20

22nd December 2020

TO: ALL BRANCHES WITH POSTAL MEMBERSHIP

For Immediate onward circulation to Area/Unit/Workplace Representatives and CWU Members

Dear Colleague,

<p style="text-align: center;">RMG & CWU KEY PRINCIPLES FRAMEWORK AGREEMENT (THE PATHWAY TO CHANGE)</p>
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We are pleased to announce that at its meeting yesterday the Postal Executive unanimously endorsed the negotiators' agreement reached with the Royal Mail Group on Friday 18th December 2020.

This agreement marks the end of our two year dispute with Royal Mail Group and brings closure to one of the most adversarial periods of our history. It builds upon and does not replace our previous agreements including the spirit and intent of the 2018 Four Pillars Agreement. It reflects and re-positions a joint philosophical approach to the future based on growth not decline, opportunity and optimism, and a re-designed Royal Mail Group, importantly including Parcelforce, thriving in the modern day.

It has been negotiated during the most unpredictable circumstances in a generation, with Royal Mail Group predicting between a £400 - £800m loss this year and 10,000 to 14,000 job losses over the next three years. We have seen businesses closing, jobs being lost, workers' terms and conditions being attacked and record numbers of unemployment.

However, as the year has gone on the circumstances and opportunities for RMG have changed. Those circumstances have massively advanced the change anticipated in our previous agreements in parcel growth which has placed huge pressure on our current design and our members. It has illustrated the challenge going forward and the real need to change and expand our operations to seize the opportunity and determine a positive future out of adversity, protect this great public service and our members' employment, standard of living and retirement security.

Be in no doubt this agreement could not have been achieved without the amazing support of our members, the dedication and work of our Representatives at all levels, and the astonishing human effort by postal workers keeping the country connected during this pandemic.

We now need a sustained period of pragmatic progress and industrial peace and we must be clear with our members that change carried out at pace and in line with this and our other agreements is the route to a positive future.

The Agreement

A full copy of the agreement can be found here:

http://www.cwu.org/wp-content/uploads/2020/12/Joint-draft-KEY-PRINCIPLES-FRAMEWORK-AGREEMENT_18_12_20_Final.pdf

A summary of the key points, as laid out under each heading in the document, are set out below.

Introduction

This is an important scene setter that represents a major shift from the previous narrative of managed decline to a clear recognition that through the efforts of the workforce during the pandemic and despite continuing letter decline, there are now enormous opportunities to grow the business.

The Strategy and Future Direction of the Company

This confirms the future strategy that the company and the CWU will now jointly pursue and represents a reversal of the direction the company were taking under the previous senior management, which without doubt would have led to parcel growth being pursued through separate structures, whilst leaving Royal Mail to wither on the vine. The union can now justifiably claim that through this agreement we have shaped the future direction of the company including;

- Confirmation that the existing workforce and infrastructure will now be at the heart of all plans for future growth and that the company will no longer limit its ambitions just to parcels.
- To secure and grow Royal Mail Group's position as the UK's number 1 parcels company.
- A new strategy to expand the role of postal workers beyond letters and parcels by exploring new commercial markets, supporting communities and developing new local to local services. This will be achieved by tapping into the knowledge of frontline workers and building on the trust that they have with customers.
- Confirmation that letters and the USO will continue to be an important part of our future.

Culture

The agreement accepts that to be successful in the future we must change the culture within the business, particularly on the frontline. This is all about ensuring that local managers, CWU Representatives and employees are encouraged and empowered to agree local solutions on day to day operational issues. We all know that changing culture is ultimately a matter of actions not words and the union has made it clear that we will work tirelessly to ensure that genuine local empowerment becomes a reality throughout the business.

Capturing Parcel Growth

The agreement recognises that capturing parcel growth is essential to our future and that the opportunity to do this is here now and will be at a premium over the next two years. This will mean all of us accepting the need to introduce change at a greater pace, including;

- Revision activity (driven by local solutions) to rebalance letters from parcels, reflecting the change in volumes between the two. These revisions will also focus on maintaining the USO (Q of S) and improving overall efficiency across the business, whilst taking full account of the ongoing implications of the Covid-19 pandemic.

- The need to maximise parcel capacity in our existing networks.
- The development of a 24/7 operation and the introduction of Sunday deliveries (initially on a voluntary basis).
- The introduction of new automated parcel hubs and the creation of an enhanced network through a major joint review of the whole operation, whilst ensuring there is no reduction in the existing Mail Centre and RDC estate.
- A commitment to maintain and invest in the Parcelforce brand, whilst improving productivity and developing synergies with the rest of the Royal Mail Group.
- Agreement that use of owner drivers in Parcelforce will not spread to the rest of Royal Mail.

Job Security

The agreement recognises that in the current Covid and economic climate job security is crucial to employees and the union has secured the following commitments from the company;

- As change is deployed we will avoid compulsory redundancies and the next joint review of this commitment will be in May 2023.
- Our existing MTSF voluntary redundancy terms will continue to apply and the next joint review will be in May 2023.
- The legal agreement that protects us from the break-up of the company and replacing existing terms and conditions with insecure employment models will now be extended and the next joint review will be in May 2023.

Technology

The agreement recognises the need for the greater use of technology and agrees the rollout of Scan in/Scan out and restarts the trial of Resource Scheduler. In agreeing this technology, the union has secured ground-breaking protections for employees and CWU Representatives. These protections will ensure that as technology is rolled-out we will not allow the exploitative practices that bear down on workers (as seen in companies that operate in the wider post and logistics sector), will not de-humanise the workplace and ensure that the key decision makers in the workplace are the local manager and local Representative and not the technology.

Improving Efficiency/Productivity

The agreement recognises that to secure our future as we introduce change, it is also important that we improve overall efficiency within the business. This will be done on the basis of recommendations from the relevant Joint Working Group that was established under the previous Four Pillars agreement. This will also support greater fairness and manageable workloads.

As part of this commitment we have agreed a new productivity measure (WIPWH) and further work will be undertaken by the JWG to agree relevant standards across the operation and a three-year flightpath programme to achieve these.

Pay

The union has now secured a two year pay and conditions deal that represents a vast improvement on all of Royal Mail's previous offers and that in the current climate will be seen as one of the best settlements around. In achieving this, there is no doubt that the work our members have done

throughout the pandemic in meeting customer and societal needs significantly improved the company's financial position and this has facilitated the following;

- Year 1 – April 2020 to 2021 – a 2.7% pay increase backdated to April 2020 and flowing through to all appropriate elements of pay.
- April 2021 to March 2022 – a further 1% pay increase flowing through to all appropriate elements of pay, plus the introduction of the second hour reduction of the Shorter Working Week. The second hour reduction to be introduced by October 2021 through the local revision activity set out in the agreement.
- For part time employees and those on the new 35 hour contracts, the Shorter Working Week element will be reflected through increased hourly rates.
- All business units within the Royal Mail Group will receive the same two year deal, or the equivalent value of this in regard to the Shorter Working Week.
- Additionally, we have reached agreement to develop new local incentive schemes that will support plans for growth and increased revenue.

Working Together

This section recognises the need for us to restore relationships and to work together in a way that introduces change more quickly. This includes a commitment to a new trials process and revised Dispute Resolution Procedures. These will continue to be based on our existing IR Framework and will protect all current CWU interfaces, whilst also ensuring that the union continues to negotiate on all issues that impact on our members' terms and conditions.

Next Steps

Following the publication of this LTB, in conjunction with the Communications Department, we will be developing a plan to engage with Branches, Representatives and members to explain the terms of the agreement and allow space for an open and transparent debate. The plan includes the following:-

- A Senior Field Officials Briefing is taking place today at 12pm.
- A live Facebook session will be held today at 4:30pm
- An online National Briefing for CWU Representatives in January 2021
- A National Ballot of CWU members in January 2021, timetable to be sent out in due course.

Conclusion

This agreement meets the demands in our dispute and maintains the high standard the union has always set itself in protecting its members, we believe it faces up to the challenges of our time and is an excellent agreement.

We have now established a set of principles on pay, Shorter Working Week, job security, change and the future direction of the company that will give us the best opportunity we have ever had to secure our future.

Finally, in thanking our members and Representatives for their continued support, it's vital we now throw the whole weight of the union behind delivering this agreement.

Any enquiries on the above LTB should be addressed to the DGS(P) hford@cwu.org and relevant Postal Officers.

Yours sincerely,



Terry Pullinger
Deputy General Secretary (P)



Dave Ward
General Secretary



Andy Furey
Assistant Secretary



Davie Robertson
Assistant Secretary



Mark Baulch
Assistant Secretary



Carl Maden
Acting Assistant Secretary