

JOINT STATEMENT - PROCESSING

Key Principles Framework Agreement (Pathway to Change)- Agreed National Guidelines for 2021 Realignment Activity to Rebalance the Operation in Processing Units. (Mail Centre, RDC, WBC)

Royal Mail (RM) and the Communication Workers Union (CWU) are working together in developing key business policies, mutual interest solutions and a new culture, which is at the core of the commitments contained in our National agreements, including the Key Principles Framework Agreement (Pathway to Change).

Both Royal Mail and the CWU are committed to rebuilding trust, confidence and relationships at all levels of our organisations and in the workplace, creating a constructive environment to progress meaningful discussions and deploy effective change.

Within the Pathway to Change agreement both parties have committed to undertake revision activity in 2021 to rebalance and realign resources to workload reflecting the change in volumes between letters and parcels. The key objective of this activity is to capture parcel growth, maintain the USO and improve overall efficiency across the business.

In Processing given the significant changes in volumes and traffic mix as a result of the ongoing Covid-19 pandemic, both parties defined a phased approach to urgent realignment activity and the development of an agreed productivity flightpath which fully recognises local circumstances. This activity would be based on the recommendations and ongoing outputs of the Joint Productivity Working Group and the progression of the outstanding Section 19.1 commitments of the 2018 Guiding Principles Agreement.

The Pathway to Change agreement also reaffirms the status of current National Processing resourcing agreements as the means of progressing the above agenda, through agreed annual realignment revision activity and a refocussed approach to our agreed weekly and quarterly joint resourcing meetings across all units. This will ensure that the change requirement between revisions and the evolving local productivity flightpath can be managed effectively from a mutual interest perspective.

To address the current pressing operational and resourcing challenges both parties agreed to advance structural revision activity in each unit, in line with the terms of the August 2020 National Joint Statement on interim arrangements, to deal with operational and resourcing challenges while recognising the ongoing Covid-19 impact. Planning is underway for this revision activity and following a pragmatic assessment by the National parties, local engagement should seek to achieve deployment in late Spring/early Summer 2021.

Deployment of the realignment activity in each unit will trigger the 2nd hour reduction in the working week, which should be efficiently factored into the revision activity and agreed duty structures.

This document updates as appropriate the terms of the August 2020 Joint Statement and provides the agreed, detailed guidelines for the 2021 realignment activity in each unit.

The intention of this local activity at each Processing unit is to address resourcing imbalances across all shifts and other associated challenges in relation to efficiency in line with National agreements and ensure that the business is able to respond and adapt to customer demands and enable growth. In particular, the aim will be to reduce reliance on Agency/External Resource, identify and enable agreed productivity improvements and

stabilise the network reducing the requirement for workload diversions or the need for relief operational sites and efficiently align resource to workload to meet the evolving traffic levels.

Both parties recognise that ongoing Covid-19 restrictions and recent challenges have highlighted the following:

- Due to COVID-19 and its subsequent impact, the trend of change in traffic profile has been much swifter than expected in normal circumstances, i.e. reduction in letter volumes and unprecedented growth in parcels.
- Due to COVID-19 and associated Government guidelines in regards to social distancing etc. the method of aligning people (number of hours) against the workload has changed. This has also resulted in some constraints in floor work-area space and impacts on distances (portering etc.). These changes have altered work area capacity and affected overall plant throughputs.
- Future trends of traffic profile and consumer behaviours are yet to stabilise due to the situation with COVID-19, the Government's response and precautionary guidelines etc. However, latest commercial forecasts assume that parcel volumes will remain at levels similar to profiles experienced over the last 12 months, whilst letters continue to decline.

In addition, the impact of the changing COVID-19 guidelines on working methods will be reviewed at a National level to assess the resulting effect on performance standards (capacity & throughputs).

Interim Processing Resourcing Realignment Strategy

Realignment reviews will be progressed in line with all the principles contained within Appendix 1 of the 'Resourcing Realignment Agreement' with the support of the following documents:

- **Annex A** - A Guide for Mail Centre Resourcing Realignment – 13 Step Process
- **Annex B** - Resourcing Meetings
- **B1** - Resourcing Meeting Agenda
- **Annex C** - Processing Resourcing Checklist
- **Annex D** - Processing Quality Checklist

However, in response to unprecedented Covid-19 changes, which have presented challenges in traffic profile, working methods and resulting capacity & throughputs the following terms are agreed as an immediate arrangement to address the current challenges:

1. For Mail Centre Processing, RDCs and WBCs resourcing realignment will be conducted and in line with the 13 Step Process agreed in Annex A. However, the steps to project the model week (baseline) will be amended in response to the most recent changes resulting from COVID-19. This process will apply only to this immediate activity on an exceptional basis and all subsequent activity will revert to the agreed processes in the Resourcing Realignment Agreement, including any agreed amendments based on the outputs of the Productivity Working Group or the incorporation of forward looking traffic forecasts.

Therefore, as an immediate measure in recognition of the Covid-19 effect, when conducting Short Term Resource Alignment Activity, in order to project the model week, using Nationally agreed tools the following steps will be taken in the given order.

- I. Jointly analyse, in line with the agreed guidance and tools, the previous full 52 week's actual weekly traffic by work stream.
- II. Remove known extremely high and low traffic weeks, i.e. Christmas weeks, Bank Holiday weeks. Based on the local traffic profile, locally the CWU and RM will agree which weeks to be classed as 'Christmas weeks'.

Agree and remove any additional weeks where the traffic was significantly higher/lower for unforeseen reasons when compared to normal forecast, e.g. severe weather, election material and periods of lockdown etc.

- III. Once the above has been undertaken the total of the remaining weeks' actual traffic will be divided by the number of remaining weeks. This will provide a projection of the average week's actual traffic for the past 52 weeks.
 - IV. Once the historical average weeks' actual traffic has been established in line with the Bullet Points 1 to 5, both parties will agree and add/delete any known traffic which the unit may have gained or lost since the end of the previous financial year, i.e. gained or lost or losing contracts, long term diversions etc.
 - V. If any such gain or loss occurred during the previous 52 weeks, then apply the same traffic gain/loss to all 52 weeks in order to ensure that the average/model week includes full credit for the increase/decrease of the traffic (basically ensuring we factor in known Growth and Decline to this model week.)
 - VI. Where applicable all traffic that has been diverted out to other Mail Centres or Seasonal Parcel Sort Centres shall be included in the actual traffic and be planned to be performed and resourced at the parent unit where this does not present a H&S risk.
 - VII. Breakdown weekly model traffic to all work areas, across all shifts, for each day including diverted traffic where applicable.
2. Establish total hours required in all work areas of all shifts by using baseline traffic (mentioned above) National Workplan and actual throughputs. These actual throughputs will be established by the average of the amended model week period defined above for all work streams, separately for all work areas across all shifts, with agreed throughput changes or process improvements factored in where identified.
 3. Once the model week traffic has been calculated local discussions should take place to ensure that agreed AWD and corresponding Royal Mail staffing alignment ensures sufficient resources are available to adjust to workload. Planning for the annual peak period should enable earnings packages in line with local requirements, where workload supports this. The use of external resource to supplement short term resourcing requirements should be deployed consistent with National agreements.
 4. On completion of the above process where it is jointly recognised that changes to social distancing arrangements and/or work method due to Covid-19, or agreed improved methods impacted the baseline period, local discussions will review the data and the throughputs produced and a defined throughput will be agreed for the affected work area.
 5. The realignment review will be conducted based on current actual data, in line with existing National workplan and agreements.

6. The realignment review will be based on standard working methods and equipment type in line with National agreements. Any proposed changes to TOR/SSOW/SOPs will be referred to the National Trial Coordination Joint Working Group for consideration prior to deployment.
7. This processing realignment will be progressed in line with the terms and principles of the National Realignment Joint Statement and will aim to minimise the disruption to employees. Agreed change will be deployed in line with the IR Framework and relevant National agreements, including MTSF.
8. Once the realignment review is completed, any variations/shortfall in resourcing will be addressed in line with existing National agreements and MTSF where applicable. The overarching aim of this activity is to improve efficiency by achieving better alignment of core resource to workload in doing so removing reliance on the current level of agency/casual resource. At all times internal resourcing options should be prioritised. In some areas this may provide the opportunities for progression from part time to full time employment in line with the principles of the 2012 National, Job Security, Resourcing and Managing Change agreement. Given the uncertain outlook on workload any changes to contracts would initially be on a temporary basis. This will be reviewed after 3 months.
9. Where one shift is in resource surplus and another shift in resourcing shortfall, locally a transitional plan should be agreed to ensure all movement of staff from one shift to the other is voluntary. In case of a lack of volunteers, existing National agreements and MTSF will be applied, to ensure the 'correct alignment of hours against the workload'.
10. The local workplan must continue to be in line with the National workplan.
11. Given the continuing Covid arrangements VR will not be utilised as part of the 2021 realignment review at any site unless workload reduction has removed the requirement for agency/external resource other than in line with the terms of the Job Security, Resourcing and Managing Change agreement.
12. The impact of the 2nd Hour SWW must be understood and built into the duty structure to ensure no negative impact on performance.

Governance

Both parties confirm that at each site Plant Managers and CWU Representatives are empowered to use their local expertise to reach agreement on revised resourcing outcomes.

The National Joint Working Group (JWG) will continue to monitor progress in all Processing units and will establish a mechanism, which will facilitate and ensure that as a minimum compliance, each Mail Centre provides a joint report, agreed and signed off by the management and CWU locally, at the successful completion of the following steps:

1. Interim model week agreed in line with points 1 and 2 above.
2. Resourcing realignment modelling completed with plus (surpluses) and minuses (shortfalls) being identified in all areas across all shifts demonstrating an improvement in efficiency.

3. Realignment modelling completed with the plan of actions and resourcing variations completed in line with National agreements and MTSF where applicable.
4. Both parties recognise the importance of deploying this activity at pace.
5. The National JWG will aim to analyse and where possible, support requests from units where assistance is required in achieving locally agreed changes intended to improve throughputs in line with the commitments to and evolving the productivity flightpath. The JWG will also ensure that all requests and subsequent changes are in line with all National agreements and relevant Nationally agreed Standard Operating Procedures and SSOW.
6. The National JWG will review ongoing impact of changes post deployment.

Royal Mail and the CWU believe that the above process will secure robust resourcing, including through the Covid-19, period, reduce the reliance on external resource and allow space for longer-term discussions to progress in line with the commitments contained within the Pathway to Change agreement.

Future Discussions – Productivity/Forward Forecasting

Both parties recognise that current BSI levels based on WIPWH across the Processing estate are not indicative of individual or unit performance and are affected significantly by local circumstances such as layout and workflow. Onward National discussions which will be progressed at pace, will build on the ongoing work and outputs of the Productivity Joint Working Group (PJWG) to enable a shared understanding of the current levels of performance across the Processing estate and the contributing elements affecting that performance based on local circumstances.

Based on this shared understanding, discussions will establish for each processing facility:

1. Current performance over an agreed baseline period.
2. Agree a site specific definition of standard performance taking into account local site specific factors and local variances.
3. Identify and agree the gap to standard performance, as defined at point 2.
4. Discuss and agree options to enable local discussions on productivity improvement activities and a flightpath to close the gap from current levels over the 3-year period defined in the Pathway to Change agreement-

Within each unit, flightpath performance improvements will be progressed as soon as practical through the standard agenda established for weekly and quarterly resourcing meetings, as defined in the 2018 National Processing Realignment Agreement and through future annual revision activity.

In addition, both parties will jointly review and agree the methodology required to utilise forward looking Commercial forecasting information within resourcing and future revision activity.

Both parties agree that the 2018 National agreement, *‘Joint Statement Regarding Resource Realignment in Mail Centres, Regional Distribution Centres and Walk Bundling Centres to Support Deployment of Guiding Principles of Employment Security and Mutual Interest*

Approach to Future Challenges and Opportunities and the Shorter Working Week provides sufficient solutions for the challenges the business currently faces and will remain the principle guide for all realignment and resourcing activity.

Any questions of interpretation, implementation or application of this Joint Statement shall be referred to the signatories as a matter of urgency for resolution.



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Date: 12th February 2021