

5 November 2009

CWU/ROYAL MAIL AGREEMENT

Background

Royal Mail and CWU agree that aligning the interests of customers, employees and the company as a whole is a prerequisite for the successful modernisation of Royal Mail. Royal Mail and the CWU share a common understanding of the scale and nature of the challenges facing the business and a determination to address these challenges in a way that secures a successful future and rebuilds confidence amongst all the Company's stakeholders including customers and employees.

This agreement between Royal Mail and the CWU, reached under the auspices of the TUC, provides the basis for a 'period of calm' free of industrial action, during which the parties are firmly committed to work together intensively, to reach agreements that will enable further change and modernisation to be implemented from the beginning of 2010 onward.

Both parties have also agreed to accelerate and complete the modernisation programme, jointly resolving all issues from phase 4 of the Pay and Modernisation Agreement of 2007 by agreeing key principles and milestones and reaching further National Agreements, recognising the scale and pace of change that will be needed.

1. Building Trust

- 1.1 Both Royal Mail and CWU recognise that exceptional efforts will need to be made quickly during the 'period of calm' to rebuild trust and goodwill.
- 1.2 Royal Mail have committed that no further change will be imposed during the course of these negotiations, the progress of which will be reviewed as set out in 1.6.
- 1.3 The CWU will suspend all national and local industrial action and no further local or national industrial action will take place during the course of these negotiations, the progress of which will be reviewed as set out in 1.6.
- 1.4 Both parties have agreed to re-engage together in the industrial relations framework as the means of achieving local change through agreement.
- 1.5 To assist the parties in reaching a full and final agreement they will seek the assistance of ACAS and the TUC in nominating an appropriate, agreed independent person to work together with them:
- to oversee and monitor progress made during the local and national negotiations
 - to assist, at the request of either party, in resolving any difficulties that arise
- ACAS will support this process and provide appropriate secretariat support.

- 1.6 The operation of this agreement, the progress of negotiations, and the initial monitoring of the implementation of the agreement will be formally reviewed by the parties and the nominated, independent person during the w/c 16 November, and fortnightly thereafter. In the reviews the success of this agreement will be tested against genuine progress on all the key principles set out in paragraph 4 and achievement of agreements to resolve the local disputes.

The intention of both parties is to make significant progress by early December with the aim of concluding a final agreement by the end of 2009. Diaries will be cleared to ensure four days a week to be scheduled for work on concluding this agreement. The delivery by both parties of the terms of this agreement will ensure that there will be no industrial action in the run-up to and during the Christmas period.

- 1.7 Immediate discussions will commence to ensure that normal Christmas arrangements are concluded in line with previous national agreements.

2. Resolving local disputes

- 2.1 Both Royal Mail and CWU agree that by far the best way to introduce change successfully is by agreement.
- 2.2 Relevant senior operational managers and relevant area level representatives will meet as soon as possible after the signing of this agreement to clarify where in the IR framework each change proposal has reached and begin to oversee the process of re-engagement at the appropriate level.

2.3 In all offices where change has been implemented in 2009 the local parties will undertake a review. In offices where change has been implemented without agreement the local parties will engage in genuine negotiations to reach local agreement. In reviewing the current position the mutual objective will be to identify improvements in line with the full range of principles of the Pay and Modernisation Agreement 2007. Specifically the local parties must address/resolve the following range of issues:

- Overall job numbers and resourcing mix based on a fair and transparent level of workload, working safely and utilising all paid for hours
- Maintenance of reasonable earnings opportunities
- Improved efficiency
- Family friendly and innovative duty patterns. (Agreements may include less than 5 day attendances where consistent with effective workload alignment)
- Ensure employees feel motivated and valued
- The need for duty redesigns/ job allocation in line with existing national agreements ie Way Forward and MTSF
- Need to meet service specification

Divisional reps and regional teams will be available to help this process.

2.4 In addition to the above, and utilising the same principles, in units where it is mutually agreed, the option will be available to develop an interim duty set/resourcing model that will take us forward towards the new delivery model.

Some of these offices may also be at the forefront for the roll-out of walk sequencing.

This option can be based on modelling and trialling new ideas.

The development of this option will be overseen by the national parties supported by the regional/divisional teams. The regional/divisional teams, in conjunction with the appropriate local offices, will identify potential participants.

Work on developing these proposals can begin immediately for deployment in the new calendar year.

- 2.5 Other people issues arising out of such changes, including any opportunity to offer voluntary redundancy, any reduction in pay or allowances or potential office transfer will be addressed in line with the Managing the Surplus Framework agreement
- 2.6 Network 09 changes are dealt with in annex A to this agreement.
- 2.7 Both parties are committed to beginning the process of restoring and improving relationships at all levels. With this in mind it is important that there is no victimisation, or settling of scores, arising out of the dispute and both parties will work to ensure that any issues are settled in a mature and professional way. Where there are actual or potential disciplinary or grievance cases arising the intention and expectation is that these will be resolved quickly and informally wherever possible.

Where behaviour is alleged to be serious and formal procedures are invoked, either party will have the opportunity to raise any concerns with the other, with the intention of ensuring that any action proposed is measured and proportionate and consistent with the spirit and objective of this paragraph.

- 2.8 Both parties are committed to working together to ensure people work normally during this period. Royal Mail confirm that the process of taking people off pay is a response to industrial action and is not a measure to deal with individual performance issues.

If Royal Mail believes people are not working normally this will be raised with the Union before any action is taken against employees.

Where there are disputed cases of individuals who have been removed from pay these can be raised by the Union and will be reviewed.

- 2.9 Normal facility time arrangements will be reinstated and additional time will be provided as appropriate, consistent with paragraph 1.4, to enable positive re-engagement in local negotiations.

3. Restoring normal services

- 3.1 Both parties agree that it is essential to work together to return to normal levels of service, by restoring normal resourcing practices.

3.2 Against that backdrop, traffic which has been diverted during the dispute will be returned to its parent office. Normal resourcing arrangements will apply and will be the subject of joint discussions between local managers and CWU representatives. Where there is a requirement for additional resource this will be done in line with normal local overtime allocation arrangements. In Mail Centres, if an office is not capable of processing the work in hand normal diversion/contingency arrangements will apply.

4. Reaching an agreed way forward on phase 4 of the 2007 Pay and Modernisation agreement

Royal Mail and CWU have reached agreement to accelerate and complete the modernisation programme by jointly resolving all outstanding issues from phase 4 of Pay and Modernisation Agreement 2007.

To facilitate a phase 4 resolution all the following key principles are interdependent and will be developed together to form part of the final agreement.

- Royal Mail and CWU are committed to seek a long-term agreement that will successfully transform the business, fundamentally improve the local working environment, and provide employees with as much certainty, choice and stability as possible during the period of change.
- In the final phase of negotiations Royal Mail and the CWU will discuss the latest version of the business plan, including the roll-

out of walk sequencing, to ensure a common understanding and vision can be included in the final agreement.

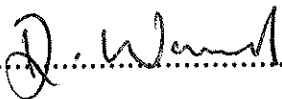
- Improved job security arrangements – providing sustainable jobs, maintaining a predominately fulltime workforce, and an appropriate fulltime/part-time mix.
- A new and improved reward and benefits package - encompassing a full review of pay/earnings, working hours, attendance patterns and family friendly policies and the role of Colleagueshare.
- Fair workload based on objective and transparent standards
- Improved relationships – a new and completely fresh approach that will bring about a radically different culture in industrial and employee relations.
- Delivery of the transformation plan – commitment to the scale and the pace of change needed to deliver the modernisation of Royal Mail at both National and Local level.
- National Mail Centre Framework Agreement – that includes how we jointly consult, share, and have the opportunity to influence at national level the on-going strategies to provide the future optimal Mail Centre Network that is fit for purpose, establishes a process for consultation and negotiation at local level and takes into account the impact on employees from the rationalisation.
- Both parties commit to reaching agreement on a framework for dealing with future transformational change, relationships and the working environment in both Network Distribution and RDC, also to meet strategically to develop a progressive agenda where Logistics can play a pivotal role in the growth of new products and services in the Business

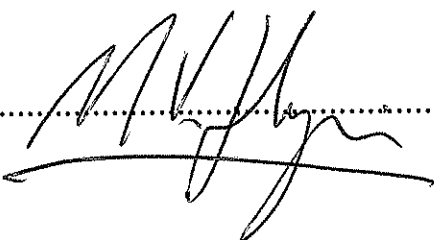
- A comprehensive national agreement covering all aspects of delivery that includes a satisfactory resolution to all outstanding issues, including the following key components:
 - Delivery spans
 - Attendance patterns
 - D2D
 - Revision process(s) and tools
 - Work measurement and performance standards

In the meantime all existing national agreements will remain in place.

- Customer service continuity –a commitment to deploying change and resolving disagreement without service disruption.
- To establish an agreed approach to consultation arrangements on the deployment of World Class Mail and associated processes.

Both parties recognise the need to do more to build good working relationships, rebuild trust and seek to ensure a positive workplace culture in every part of the Business. To this end they will establish a joint project with appropriate external support to address all these issues, as envisaged by phase 4 of the 2007 agreement.

On behalf of CWU 

On behalf of Royal Mail 

Annex A

Resolving the Deployment of Network 2009

RM and CWU are committed to improving the operational performance of the national network and creating a working environment which improves working relationships, motivates employees and promotes a shared purpose.

Equally both parties accept that Network 09 should better align resources and duty structures to meet the needs of our customers, employees and the business in line with our Pay and Modernisation and Professional Drivers Agreements.

Against this backdrop both parties will promote a culture of involvement that ensures the interests of all stakeholders are taken into account.

Both parties recognise and support the need for excellent and effective industrial relations and the way to introduce change successfully is by agreement, these are critical to resolving the current dispute and positioning network to embrace change for the future with confidence.

To this end the following principles will apply

Re - engagement principles

Consistent with the philosophy above both parties are fully committed to concluding a network 09 operation using all of our national agreements to enable this.

The principles outlined in this document are there to review where problems exist with current duty arrangements and both parties will work together with the mutual objective of supporting local agreements to resolve issues with pace.

These principles will apply where applicable in Network Distribution and RDCs.

- Both parties commit to re-engage in the Industrial Relations Framework as the means of achieving change through agreement
- Both parties will meaningfully consider any improvements and resultant duty proposals that meet the principles of operational efficiency, network optimisation and the aspirations of employees in line with the principles of Pay and Modernisation and Professional Drivers Agreement.
- The local discussion will consider the modification of rotations where these better meet employee aspirations and to include but not exclusively, DDA, and family friendly duty configurations .
- We will seek wherever possible through construction of optimised and legally compliant duty sets to provide earnings opportunities for our people in line with our Professional Drivers Agreement.
- During the period of review Royal Mail and CWU reaffirm their commitment to continue to hold weekly planning meetings as per our Professional Drivers Agreement. These meetings provide a platform for any earnings or attendance needs to be considered and discussed.
- It is in everyone's interest that these reviews take place with pace and the target for agreeing and deployment of any changes is 5 weeks from the date of this document.

- To support solutions being developed at pace senior managers and national CWU officials will assist in facilitating ideas or provide solutions which involve or impact, on a single or more than one VOC.
They will also deal with any clarity, interpretation or application of these re engagement principles referred by the area teams.

Resourcing Principles

To ensure effective deployment of the above review the following resourcing principles will apply.

- Where duty allocation has taken place a full duty re pick will be conducted.
- Where a voluntary re pick of the duties has already taken place and any further amendments are concluded a re pick of the duties will be conducted dependant on the scale of further changes as in line with our National Agreements
- Manpower planning is considered to be a key activity going forward and both parties agree that it is essential that the weekly resourcing meetings must continue beyond this review and will consider drivers earnings and attendance aspirations consistent with the requirement to run an Optimised Network operation and will be conducted in line with the Professional Drivers Agreement.
- Exceptionally a period of 14 days from date of this document being publicised will be allowed for outstanding preference exercise options to be returned. MTSF will be applied to deal with any resultant VRs and any impact of attendance times etc..

Moving forward

The re-engagement on the effective deployment of network 2009 provides a positive platform for the national negotiating teams to continue talks with the objective of reaching agreement on the generic framework document which will facilitate all future network developments and changes and lay the foundation for CWU involvement in the evolution of network transformation, relationships and working environment going forward.

Both parties recognise that DMS information is a key factor in shaping local duties therefore we will complete an updated framework for the use of DMS and this will be appended to the Professional Drivers Agreement.

This agreement also carries the commitment for RM Network and the CWU to meet strategically and develop a progressive agenda of future discussions for both Network Distribution and RDCs.

Area Distribution and Processing.

The changes impacting on Area Distribution Drivers and Processing employees in Mail Centres from the deployment of Network 09 will be dealt with inline with the same re-engagement and resourcing principles as detailed above.