

Courier

News Flash

NEW DEAL AGREED

Ground-breaking agreement

- We have agreed in principle a ground-breaking new agreement on an agenda for growth, including a **three-year pay offer** with the CWU. It is about radically improving industrial relations, creating a can-do culture and a joint commitment to delivering business success.
- The Agreement, believed to be the first of its kind in the UK, includes legally-binding terms covering industrial stability and employee protections. The Agreement emphasises that efficiency is a prerequisite for growth. New employee incentive arrangements will be developed and introduced to underpin this.
- The legally-binding undertakings on industrial stability and employee protections are ongoing. The employee protections are subject to review at periodic reviews starting from January 2019.
- Royal Mail also has the right to earlier termination of the employee protections in exceptional circumstances, such as a threat to the financial sustainability of the business. Under certain circumstances, including the breakdown of industrial stability, both parties have the right to earlier termination of the legally binding undertakings.

Industrial stability

- We all benefit from a successful Royal Mail. Any industrial action is damaging to our business. Our customers depend on us. They have a choice. They can move their business quickly.
- The Agreement provides ongoing legal protections that benefit Royal Mail and employees. The industrial stability framework sets out a new approach to resolving workplace issues at a much faster pace and without disruption.
- Defined processes and strict timescales will be applied to resolve any disputes. New mediation procedures will introduce additional expertise and help reach agreement, with internal processes escalating automatically to independent external mediation as required.

THE BASE PAY INCREASE*



Notes:

*The base pay offer will apply to all Royal Mail Group Ltd employees in CWU-represented grades.

The 9.06% increase represents the expected compounded increase in salary between now and 2015/16. *Pro rata for part time employees.

Transformation continues

- The Agreement builds on previous agreements, including BT2010. All current agreements remain in place.
- Joint commitment to deliver modernisation in all delivery offices and mail centres.
- Both parties will work together to develop and implement business strategies, respond to competitive challenges and develop new approaches to improve efficiency.

- We have agreed a joint delivery review, starting in January 2014, which will look at how we align resources to workload.

Next steps

- The CWU executive has said it will recommend the Agreement in a ballot to its members.
- This is a summary of the deal. You will find more information in the forthcoming December issue of **Courier**, on **Myroyalmail.com** and in a special edition of **RMTV**.

Please turn over for a detailed checklist

The Agreement – key elements

1. Legally-binding agreement

A legally-binding agreement with the CWU to ensure industrial stability and provide employee protections. It includes:

Industrial stability*

- » A new approach to resolving workplace issues at a much faster pace and without disruption.
- » Defined processes and strict timescales to resolve disputes.
- » New mediation procedures to introduce additional expertise and help reach agreement.
- » Internal processes escalating automatically to independent external mediation where a dispute cannot be resolved internally.

This underpins a joint commitment to radically improve industrial relations and create a can-do culture. There will be joint Royal Mail and CWU training programmes to deliver industrial stability.

Employee protections*

- » No zero hours contracts for employees.
- » Current employment model of a predominantly full-time workforce in Royal Mail core operations continues.
- » No material change to current structure of the company in relation to delivery of the Universal Service.
- » Maintaining the objective of delivering change without recourse to compulsory redundancy.
- » No additional franchising or outsourcing.

These legally-binding undertakings on industrial stability and employee protections are ongoing. The employee protections are subject to review at periodic reviews starting from January 2019. Royal Mail also has the right to earlier termination of the employee protections in exceptional circumstances, such as a threat to the financial sustainability of the business. Under certain circumstances, including the breakdown of industrial stability, both parties have the right to earlier termination of the legally-binding undertakings.

2. Participation

- » Both parties will work together to respond to competitive challenges and develop new approaches to improve efficiency.
- » Royal Mail and CWU will work together to develop and implement business strategies.
- » A newly created Growth Forum. Three senior executives from both parties, including the CEO and the CWU's Deputy General Secretary, to drive change across the company.

3. Pay

A three-year pay deal:

2013-14

- » 3.0% base pay increase, backdated to 1 April 2013.
- » £200 lump sum payment for each full time eligible employee (pro rata for part-timers) in post on 1 October 2013, in recognition of business progress. This will be paid before Christmas in addition to any Christmas bonus.
- » Additional increase in the over 10 hours overtime rate.**
- » Scheduled attendance payments during periods of annual leave will be extended.**

2014-15

- » 3.0% base pay increase in April 2014.
- » New incentive scheme to be developed and introduced by April 2014.

2015-16

- » 2.8% base pay increase in April 2015. Subject to review, if inflation is below 2.3% or above 3.3%.

The increases over the three year period apply to the usual allowances and overtime payments.

4. Pension

- » The Agreement reconfirms the amended proposal for the Royal Mail Pension Plan (RMPP), which followed a consultation earlier this year.
- » Royal Mail has agreed to make higher employer contributions to the Royal Mail Defined Contribution plan.
- » No further changes to the RMPP until at least March 2018, subject to certain conditions. Any proposed changes would be discussed under a joint review process with the CWU.
- » The agreement on pensions will be subject to ballot by the CWU at the same time as, though separately to, the main Agreement.

The proposed agreements on pay, industrial stability and employee protections apply in respect of all CWU represented grades in Royal Mail Group Ltd, with some minor variations for other employees including those in Parcelforce Worldwide.

*All subject to the detailed provisions of the legally-binding agreement. **Applicable to employees in the Royal Mail core operations network.