

## Special Report

### PROJECT APOLLO REMUNERATION

#### INTRODUCTION

The conclusion of these discussions represents the final element of change to establish the foundation for us to build our new parcel industry and as such cannot be considered or viewed in isolation of the other elements of change we have already put in place. Against that backdrop it is also relevant in my opinion to reflect on where we have come from and where we intend to go. No one working within the industry should have been under any illusion that the task of saving the parcel industry would have to be as controversial as it was radical. The dilemma facing the union was real and urgent and we could not stand by and simply hope for the best, the plight of CHD and ROMEK now stand as sad evidence that the continued losses in Parcel's would not have gone unchecked.

We have risen to the challenge with innovation and commitment, there is now no doubt the alternative would have been the closure of our business. The real test of our vision to effectively close our existing business and open a new Express and Next Day only business, was if we had enough imagination and determination to turn a negative into a positive, identify future opportunities to achieve union policy and improve the terms and conditions of our remaining members. Our approach under 'Apollo' had ensured that the vast majority of our members who desired to leave had the ability to do so.

The words expressed at the Special Conference on 'Mixed Resourcing' and the briefings associated with 'Apollo' regarding the future of our industry, clearly exposed a consensus between all activists that radical reform in association with improved terms and conditions had to be the core components to our vision of survival.

However those fine words merely represented a conviction it was only action that could make it happen. 'Apollo' represents the beginning of the long march to survival, job security and decent terms and conditions. We took hard bold decisions and it has taken great courage to implement the reforms and full credit should be recorded to all activists and members involved in that change. If we remain determined and focused our efforts will speak for themselves if we lose momentum or become complacent our words will not be enough.

The change to working practices associated with 'Apollo' represents a cultural revolution across our old outdated grading structure, which had been contaminated by local interpretation and rendered restrictive in terms of the unions up to date pay strategy of moving all members towards a £300 per week basic pensionable pay. The new arrangements for remuneration as contained in the attached agreement and negotiated under 'Apollo' resemble a package of fairness, equality of opportunity and responsibility, which is in keeping with our fresh approach to the future.

The agreement concludes the first stage of our vision to revitalise collective spirit and responsibility.. From the divisive arrangements of the residential delivery grade, the £22.50 pay supplement and a grossly unfair bonus structure, we have in just over one year now constructed a solid footing to build our future. It has also achieved what was previously considered virtually impossible and brought members in parcels into line with the CWU pay strategy.

The agreement places national need before sectional or individual advantage and status. It addresses the concerns raised in response to management's premature briefing prior to a full agreement being reached. It also achieves an acceptable level of compromise and resolves the clash of individual interest without conceding our overall vision, policies and ideals.

It is essential that we keep our eye on the prize, that we don't concentrate on negative matters but focus and give due justification to all the positives which the agreement offers both in the immediate and long term future.

### **CWU POLICY**

In respect of policy I have attached for ease of reference along with the agreed offer, a report back from the CWU pay seminar, the motion carried at this year's conference and a copy of our existing pay rates.

Clearly we have surpassed the assumptions of the pay seminar and have now enabled the CWU pay strategy to be equally pursued by Packages & Express members. The new basic pay of £260 has reduced the gap differential of an average of £30 to £40 per week between members in Service Delivery and P&E, to a mere £1.

In respect of policy we have merged elements of the CWU pay strategy with the policy set at annual conference this year and I believe that it is no mean feat that the agreement reached can claim to have achieved all policy and more.

### **THE OFFER**

The agreement reached achieves the following:

- By the 1<sup>st</sup> of April 2003 all members on £260 basic pensionable pay.
- Skill supplements of between £40 - £20 per week paid 52 weeks of the year and fully pensionable.
- Night shift payments, which will be fully pensionable and paid on annual leave.
- Increased O/T rates.

- Introduction of a new pre-scheduled extra duty rate for both indoor and outdoor work and paid during periods of all annual leave.
- A pay increase of 2.3% on all elements of pay, back dated to the 1<sup>st</sup> of September 2002 regardless of where you are on the restructuring programme.
- An increase of London Weighting of 2.3%.
- One off payments for those currently in receipt of the £22.50 pay supplement of between £250 - £750.
- Pay and pension protection inline with MTSF.
- Commitment to future productivity payments.
- A 1.5 hour reduction in the working week with no absorption.

## **CONCLUSION**

The agreement reached represents a massive step forward for our parcel members and as previously stated, is the final piece of the jigsaw to establish the foundation for our new business. Whilst it achieves all existing policy and more, the Postal Executive still implore people to view this Agreement as very much the beginning and not the end of our efforts to create a successful parcel arm of the Post Office along with terms and conditions that we can all be proud of.

The Mixed Resourcing Agreement, the Apollo Agreement and its associated strands have developed our clear vision for the future of parcels. The department's goals were to save the business, re-establish good IR, recreate a collective spirit and modernise terms and conditions and the foundation to launch the new Express and Next Day business is now in place.

In March of this year Patricia Hewitt, Secretary of State for Trade and Industry, announced that Parcelforce was losing £15 million a month and that all the attempts to make it work over the past 10 years had failed. Well as a result of the actions we have taken the gap between closure and staying open as a business is now greater and we are indeed turning it round. For the first time in years there is reason to be optimistic and there is a growing belief amongst our members and the business that we will be successful. The current financial performance is in line with expectation and Packages and Express is now performing well. Quality of service is arguably better than all our competitors and is also better than this time last year. So the vision and direction we have adopted is bearing fruit and the major surgery we have carried out is showing signs of curing a decade of business and financial ill health.

There can be no question that there is a market and our motto should be simple;

**YOU CAN'T "E-MAIL A PARCEL" AND WE SHOULD BE THE ONES TO DELIVER IT.**

A closing thought on pay which should be a source of pride to us all as a union and one I would like you to reflect on is as follows;

A level 1 grade at this present time is on a basic pay of £207.45, if we were to remain as we are and assume that our future pay deals followed the average % achievement of the past, then it would take over a decade for those members to reach £260 basic. This is our moment and we must exploit it and remember we will be due further pay discussions to reach an agreement for the 2003 pay award by the 1<sup>st</sup> of September 2003 and that's when we will start to build on the achievements made in this proposed agreement.

This Agreement defines the new culture which will be key to our future security

**'EVERYONE WORKING FOR EACH OTHER AND THE SUCCESS OF THE BUSINESS, AND EVERYONE HAVING A SHARE OF THE REWARD'.**

Against that backdrop the Postal Executive unanimously recommend acceptance of this Agreement.

**RECOMMENDATION:**

**That the Apollo Remuneration Agreement be endorsed.**

**TERRY PULLINGER**  
**ASSISTANT SECRETARY**

AGREEMENT BETWEEN PARCELFORCE AND THE CWU ON  
THE REMUNERATION PACKAGE AND PRINCIPLES AGREED  
AS PART OF THE 'APOLLO' CHANGES WITHIN  
PARCELFORCE

INTRODUCTION.

This agreement between Packages & Express and the CWU sets out the agreed new remuneration package which will be implemented along with the new working arrangements within the Express and Next Day Parcel operation.

This agreement also represents a further step in the conclusion of outstanding key principles requiring resolution inside the framework for progression agreed under the 'Project Apollo' Agreement.

Both parties recognise that the future of the business depends upon the ability to improve operational viability, beat competition and increase market share. It is equally recognised the value which all employees provide to the industry and its customers. This agreement is based on those balanced interests and provides the opportunity to build on the objectives of the 'Mixed Resourcing' and 'Project Apollo' Agreements and promote positive industrial relations in conjunction with improved remuneration and reward.

AIMS.

It is agreed that the joint aims are:

- To introduce new methods of reward and incentive for all front line employees.
- To maintain and improve efficiency and job satisfaction by the creation of a more motivated workforce operating in a mature and modern environment.
- To allow units to function flexibly and be responsive to operational requirements.
- To allow the speedy implementation of change whilst avoiding service disruption.
- To increase guaranteed basic pensionable pay paid 52 weeks of the year for all employees and move away from a heavy reliance on outdated and divisive incentive arrangements.
- To protect the standard of living of all employees and to maintain and improve reasonable earnings expectations.

THE REMUNERATION PACKAGE.

1. This agreement introduces a new unigrade system which provides a basic rate of pensionable pay paid 52 weeks of the year of £260 per week for all employees at the adult maximum. The new adult recruit rate will be £234 and the under 18 rate will be £173.42.
2. In recognition that there still remain some skills which are considered above that of core competency for the unigrade the following pensionable assigned supplements will be paid:
3. A supplementary payment paid 52 weeks of the year and fully pensionable, of £40 will be paid to those required to undertake lead roles, e.g. Lead/relief drivers, briefers and debriefers. (The roles & responsibilities and selection criteria for such roles are still the subject of negotiation) This supplementary payment will also be paid to existing substantive level 4's, 5's and PO's.
4. A supplementary payment paid 52 weeks of the year and fully pensionable, of £20 will be paid to those required to undertake duties performing, payroll input, collection control and international acceptance gateway (where it constitutes more than 50% of the duty).
5. Nobody will receive more than one of the supplements in any given week.
6. Both parties recognise that the introduction of new technology and operational change has drastically altered the skills required and working practices in the parcel operation and as such agree to carryout a full review of current skills required and identify an unambiguous directory of core and above core competency skills in the industry.
7. There will be a shift allowance, fully pensionable for duties scheduled to work between 20.00 and 06.00 hours paid as follows:
  - Up to and including 2 hours per day, £7.50 per week.
  - More than 2 but less than 4 hours per day, £15 per week.
  - 4 hours up to and including 5 hours per day, £30 per week.
  - More that 5 hours per day but up to and including 6 hours per day, £45 per week.
  - More than 6 hours per day, £50 per week.
8. This payment will also be paid during periods of annual leave. Where an employee has been absent on sick leave for more than five days in the previous three months, the level of payment during the period of annual leave will be adjusted for shifts worked on a pro rata basis.
9. The new overtime working rate will be £6.80p per hour for weekday overtime, £7.50p (Saturday) and £9.75p (Sunday). All hours performed after 08.00 am on a Saturday will be either pre-scheduled or ad-hoc overtime.

10. A new extra duty rate for pre-scheduled hours performed above conditioned hours will be introduced. That rate will be £7.69p for individuals performing such extra pre-scheduled hours on both the indoor and outdoor operation. These payments will also be paid during periods of annual leave, with employees performing such attendance on a rotational basis receiving the appropriate average payment.
11. A new 'Route Clearance' incentive payment will be introduced for Collection and Delivery Drivers as a weekly payment for correct clearance of their routes. This will provide payments of between £5.00 to £20.00 per week, depending upon the scheduled length of the route duty, as follows:
  - Standard Hours, £5.00 per week.
  - More than standard hours, up to 9.5 hours per day, £10.00.
  - From 9.5 to 10.5 hours per day, £15.00.
  - 10.5 hours per day, £20.00.

The above payments will be abated by one-fifth for each day that a driver is absent or route clearance is not achieved.

12. It is conceivable that a small minority of employees may lose out under these new arrangements where the changes to allowances for some individuals will not be matched or exceeded by the enormous improvements made elsewhere. To protect such individuals pay protection arrangements in line with the MTSF agreement will apply. (see annex A to this agreement)
13. Such pay protection will not apply to employees on reserved rights in regard to overtime multipliers. Those rights will cease and individuals will be compensated by a one off payment of an amount equal to the difference between their current rate and what they would earn on the new rate. This difference will be applied to overtime levels performed by the individual over the 12 months prior to restructuring.
14. All of the above will be introduced on a depot by depot basis as each depot goes live under the depot rationalisation process.
15. In addition a new bonus scheme will be developed for C&D drivers and indoor workers to reward performance above 100BSI. Equally both parties commit to develop incentive arrangements based on unit performance.
16. London Weighting will continue to be paid as now and will increase by 2.3% with effect from the 1<sup>st</sup> of September 2002.
17. Employees currently in receipt of the £22.50 supplement will receive the following one off payment upon the completion of the transition in

their depots (i.e. upon the cessation of all transitional, but not volume additional resource) those one off payments will be as follows:

- Level 1. £250.
- Level 2. £550.
- Level 3 and above. £750.

18. This non pensionable payment will be made on the basis of the individual's substantive grade immediately prior to the transition commencement.
19. The above subsumes the 2002 pay review which for the purpose of phasing will be considered to be 2.3% on all elements of pay, (except £22.50 supplement, difficult to recruit supplements and bonus payments) which will be implemented from the 1<sup>st</sup> of September 2002 for all depot employees in depots which have not restructured by that date. Retrospective back payments will be made in line with the arrangements contained in this agreement upon acceptance of the package by CWU members, taking full account of depot go live dates.
20. Due to the additional cost involved in the increase to £260 for all employees it is agreed that its introduction will be phased between indoor and outdoor workers to reflect the changed earning potential as affected by the new operational arrangements and duty construction. As each depot goes live (as in 14 above) the rates of pay for level 1 and 2 indoor employees will be increased to £227.50p. The £22.50p supplement will also continue to be paid to those indoor employees currently in receipt of it until the full new terms and conditions are introduced. The remaining increase for indoor employees (£260) will be implemented from the 1<sup>st</sup> of April 2003. Delivery and Collection employees and indoor level 3's and above will receive the new basic rate of £260 per week from the go live date of the restructured depot. If individuals are worse off under these new arrangements compared with their existing arrangements increased by 2.3% then they will remain on their existing terms or be afforded pay protection in line with Annex A.
21. The reduction in the working week by 1.5 hours will still be awarded but, because of the change in the remuneration arrangements, it will no longer be possible for employees to absorb their 80% share. Whilst the business will do what it can to maximise efficiencies, this will not be through a formal absorption percentage.
22. All other supplementary payments such as the £22.50 skills allowance, night duty allowance, Saturday premium, difficult recruitment area supplement, consolidated payment of £4.69, and payments arising from existing bonus schemes etc, will cease or be subsumed by the new basic rate.



23. Agreement is given to the cessation of company sick pay (statutory sick pay would continue to be payable) for all employees in their first year of service. This arrangement will affect all employees recruited after the date of this agreement.
24. It is also agreed that flexibility to deploy Owner Drivers up to a maximum of 35% of routes in any depot where it is agreed locally as sensible to do so will be facilitated inline with (annex B) to this agreement.
25. There will be no further pay review until 1<sup>st</sup> of September 2003 other than the progression of productivity reward and separate discussions on the 2002 pay award for individuals on the terms exclusive to the Coventry Hubs, and also Area and HQ staff, and individuals in Jobshop who retain Parcelforce terms.
26. Any questions of interpretation, implementation or application of this agreement shall be referred to the respective HQs and will be dealt with inside the provisions of the Procedural Agreement.

**POST APOLLO PAY PROTECTION**

1. The principles of pay protection contained in MTSF will be applied, at the point of Apollo restructuring, to individuals in all depots who are placed into positions which attract less favourable terms and conditions in terms of pay, pensionable allowances, overtime/non pensionable allowances and regional pay than they enjoyed in their old jobs. All entitlements are subject to the offset outlined in paragraph 8 below. The details are as follows.
2. Substantively graded staff who are unable to be matched to a job at their own mails/clerical level, but who accept a job at a lower level will have their pay protected in accordance with MTSF Appendix 2, paragraph 5.3: i.e. in perpetuity from the date of transfer. 'Pay' is defined as basic salary, level differential, and the £22.50 supplement where paid. It excludes London Weighting, the difficult to recruit area supplement, pensionable allowances, overtime and bonus. Entitlement will be assessed against the new pay level of £260 or, for those duties attracting a differential supplement, £280 or £300 as appropriate. Any scheduled attendance attached to a duty will not be regarded as pay, but will be included in calculations under paragraph 5. Staff who choose, or have chosen, to accept a lower graded job, but could have been placed at the higher level, will not be entitled to such protection. Where it is agreed that the provisions of Appendix 3 of MTSF, the Buy Down (Grade) Policy, apply, the same assessment of 'pay' will apply.
3. Additionally, staff who have been temporarily promoted within the CWU grade structure on a continuous basis for more than two years will, if they are not matched to a job at the higher level, be entitled to pay protection based on the higher level.
4. Where duty changes under Apollo necessitate an employee being allocated to a duty with a lesser number of, or no, hours attracting a pensionable allowance compared to the hours he/she formerly worked, he/she will be afforded pay protection in accordance with MTSF Appendix 2, paragraph 5.4 or 5.5. Staff who could select a duty attracting a higher level of allowances but choose, or have chosen, not to do so will not be entitled to such protection.
5. Staff who, as a direct result of the introduction of Apollo duties, are unable to maintain their level of overtime or non pensionable allowances, including, where appropriate, the £20 difficult to recruit supplement, will be afforded pay protection in accordance with MTSF Appendix 2, paragraph 5.6. Pay protection will be dependent on overtime that is available being worked.
6. Staff who are required by the closure or reduction in size of their depot under Apollo, to move from a job attracting London Weighting to a job

attracting a lower level of, or no, London Weighting, will be afforded pay protection in accordance with MTSF Appendix 2, 5.7 Staff who transfer voluntarily out of their London Weighting pay area, but who could have selected a reasonable job at their own office will not be entitled to such protection.

7. As the new night shift payment is payable on holidays, whereas its predecessor NDA was not, the amount of any former NDA will be adjusted by 52/45 (in order to enable a like for like comparison for pay protection purposes to be made). This will apply to all calculations for protection of pay.
8. In all cases any earnings protection which may be calculated under these provisions is offset by the increase in pay to £260, or £280 or £300 for those jobs attracting a different payment.

The 'Mixed Resourcing' agreement was signed in January 2002 and established the principle of 25% 'Owner Driver' deployment in each P&E depot.

Both parties recognised that the agreement would provide the opportunity to test the assumptions of operating with a more flexible and cost effective resourcing plan, whilst optimising the deployment of directly employed staff.

Whilst the agreement was recommitted to under the 'Apollo' agreement, its original theory has been challenged by the changes generated. The concurrence that no existing employee would be forced to leave the business to allow for 'Owner Driver' deployment and the reduction of routes and depots, has changed the approach to assessing the benefits of a mixed resourcing model.

The manpower planning under 'Apollo' has thrown up resourcing profiles totally different from those considered in the 'Everest' scenario. In some depots it will be difficult to achieve a 25% mix for sometime, in others the business will be in a recruitment situation.

Against that backdrop both parties have agreed to revise the arrangements for deployment whilst maintaining the principles and objectives of the original agreement. The 25% in each depot arrangement will be relaxed and the percentage ceiling increased in some units to 35% against the following criteria:

1. That the amount of 'Owner Driver' routes will remain capped at 25% nationwide. The resourcing mix will be jointly monitored every three months to ensure that this agreement is not broken.
2. When recruitment is required and there is a proposal to move beyond the 25% of 'Owner Driver' routes, the local manager will meet with the local CWU representative and agree a resourcing mix. These discussions should be conducted inline with the full terms of the 'Procedural Agreement'.
3. Recruitment beyond 25% must maintain the ethics and principles of the 'Mixed Resourcing' agreement and in particular the commitment to optimise directly employed staff. To this end when recruitment is required and there is an agreement to increase 'Owner Driver' routes beyond 25%, the method of recruitment will adopt the criterion ratio of 1 in 1, i.e. one owner driver and one directly employed (permanent) employee.

# **P&E SYNDICATE REPORT BACK**

## **INTRODUCTION**

The discussion in this syndicate was always going to be different because there is no conflicting policy in respect of pay. Equally the starting point for the move towards a £300 is totally different to the extent that in some areas individuals would require a £30 to £40 basic pay rise to be at the same starting point as the single operational grade in Service Delivery. Never the less it was accepted that a general pay strategy and its component parts could still be pursued via pay and other discussions.

There was an acceptance of the current financial position of the business and that it would limit a fast progression towards the £300 target and an appreciation that it was still relevant to be invited to the pay seminar.

## **KEY AREA FOR A PAY STRATEGY IN P&E**

The Key areas were considered to be;

- Fully consolidation of all allowances, bonus and other payments outside of basic.
- All pay paid 52 weeks of the year.
- 35-hour working week.
- The introduction of Scheduled Attendance.

It was made clear that these key priorities should not effect the status of the other elements of existing policy.

## **NEW FACTORS TO CONSIDER RELEVANT TO P&E**

- Explore the value/advantage of moving beyond a one-year pay deal.
- Monthly pay.
- Duties constructed at a higher performance level, which attract enhanced pay.
- Move to a seven-day week operation; introduce inventive duty patterns with earnings packages.

General view was that the sessions were useful and something we should consider doing more in the development of policy both on pay and other issues.

**COMPOSITE AMENDMENT 5A  
PARA 5.5**

**CATEGORY A**

Add at end: except that the changes made to Packages & Express Business is an opportunity for the CWU to pursue a pay policy to bring those members in P&E into line with the gains in pay for members in service delivery, therefore the Postal Executive shall negotiate an agreement on the following lines:-

1. Obtain the maximum pay increase possible.
2. Review and increase difficult recruitment and retention payments.
3. The reinstatement of the £22.50 pay supplement for all staff.
4. A further consolidation of bonus into basic pay.
5. A further reduction in the working week.
6. All elements of pay to be paid 52 weeks.
7. Increase in London Weighting.

This list is not exhaustive.

If negotiations are not completed by 29<sup>th</sup> November 2002 the Postal Executive shall consider implementing a ballot of the membership under National Rule 13.

To be moved by: London & South East Regional Parcels Committee

To be seconded by: London Parcels Amalgamated.

The following list of Branches/Co-Ordinating Committees have submitted identical Amendments which are included in Composite Amendment 5A  
Amendment London & South East Regional Parcels Committee  
Amendment London Parcels Amalgamated  
Amendment Eastern No 6  
Amendment Kent Invicta