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RMG/CWU BUSINESS RECOVERY, TRANSFORMATION AND GROWTH AGREEMENT

1. Introduction

This agreement provides a resolution to all the issues arising from the long running dispute between Royal Mail Group Limited (“RMG” or “Royal Mail”) and CWU. The agreement sets out how Royal Mail and CWU will jointly rebuild and transform the business to protect and grow good quality jobs and make the company successful again.

In reaching this agreement, RMG and CWU recognise the company now faces the most serious financial, market and economic conditions in its history and the only way to secure the future is by delivering agreed change at pace – in a way that takes the workforce with us and aligns the interests of employees, customers and all stakeholders.

The principle of joint working to successfully deploy change underpins the whole agreement. Both parties are committed to achieving mutual interest solutions to turn the fortunes of the company around and meet the changing needs of customers in an increasingly competitive environment.

In recognising the very significant challenges that must be jointly overcome, we also know with over 500 years of service, RMG has a strong and trusted brand, with unparalleled scale and reach in the UK. In this regard, RMG is more than a business, it’s also part of the fabric of society and postal workers play a unique role in every community in Britain.

By working together and delivering the full terms of this agreement in spirit and content, we are confident there can still be a positive future for RMG and its employees.

2. Business Recovery Plan

The following sets out the current business reality, explains why Royal Mail is facing the biggest challenges in its history and why it is in all our interests to put the dispute behind us and work together to jointly deliver a business recovery, transformation, and growth plan.

2.1 Business context

- 2.1.1 The pandemic brought about an explosion in parcel volumes and through the outstanding efforts of employees this resulted in exceptional short term financial performance. However, the end of the pandemic has seen volumes fall away and together with the cost-of-living crisis there has been a serious impact on consumer spending trends.
- 2.1.2 During this period the long-established trend of structural decline in letters has accelerated and we are now delivering c25% fewer letters than before the pandemic.
- 2.1.3 Parcel volumes (which is where the company generates a large proportion of its income) have also fallen 20% this year. At the same time, Royal Mail’s competitors are increasing their market share and are now investing in their own infrastructure to grow their businesses.
- 2.1.4 Royal Mail is now forecasting full year losses of up to £450 million and revenue in the first nine months of FY22/23 was down over £800 million year on year; and
- 2.1.5 RMG faces intense and increasing competition in parcels. Unless we change, the competition will gain market share at RMG’s expense.

2.2. Turning the fortunes of the company around

To meet and overcome the financial, market and economic challenges facing the company, including the huge pressure this is placing on employees' jobs, terms, and conditions, RMG and CWU have reached a pay and change agreement, which forms a crucial part of the company's business plan going forward.

The key objectives of this agreement are to:

- 2.2.1 Give certainty for employees over job security, pay, terms and conditions;
- 2.2.2 Deliver the changes required to reduce the overall cost base and make RMG more competitive and agile;
- 2.2.3 Deliver for customers on price, product and quality;
- 2.2.4 Grow the business and build a successful future for employees, customers and all stakeholders; and
- 2.2.5 Allow employees to share in the future success of Royal Mail.

2.3. Achieving growth

The agreement is designed to grow parcel volumes and our share in the market by operating a 24/7 network, including Sundays, alongside acceptance times and dedicated parcel routes that will enable customer deliveries across the day and into the evening. This means Royal Mail will be able to compete on guaranteed next day services and develop a more innovative, customer focused and low carbon product range.

RMG will also vigorously pursue growth opportunities through the launch of a joint project with the CWU to expand the role of postal workers in exploring new commercial markets, local to local services and how we better support the communities we serve. This will focus on how we can utilise Royal Mail's competitive advantage in its unique reach in delivering daily to 32 million addresses and the special relationship that employees have with customers on the doorstep.

Any new venture must satisfy a financial return on investment (with supporting business case) on a case-by-case basis and will be subject to the normal capital investment internal approval process.

As part of this project we will jointly approach the Government, Metro Mayors and local Councils with a plan to put RMG and its workforce at the centre of community wealth building projects and approaches to assist the UK economic recovery and levelling up agenda.

The initial development phase of the project will commence in May 2023 and will also include the direct involvement of frontline employees.

2.4. Achieving our objectives - Improving employee and industrial relations

To achieve the objectives of this agreement both the CWU and RMG commit to a joint review with the purpose of resetting their relationship in a more positive direction after the tensions of such a long running dispute. The review, which will be supported by appropriate external expertise, will aim to rebuild trust and confidence between the parties and to

develop a positive shared approach to joint working recognising that all employees have a stake in how the business is run and that change can best be delivered with their support.

The Joint Statement of 28 February 2023 confirmed there will be an independent review of conduct cases involving CWU members and representatives, arising from the dispute. The terms of reference for the review is at Appendix 7.

2.5. Improving Quality of Service and USO Compliance

RMG and CWU are committed to urgently improve and achieve Quality of Service for all products across all functions and USO compliance in all offices. To facilitate this both parties commit to implement an agreed set of measures to address current issues, restore performance where necessary, and will jointly develop a process involving RODs/General Managers/Divisional Reps. Future revision activity will involve the restoration of joint working in all functions in line with current national agreements including the IR Framework. Revisions will be based on efficient, fair, and achievable workload. RMG and CWU recognise that this is an essential step in fostering improved relationships in the workplace and delivering the aims and objectives of this agreement.

2.6. Implementation

Both parties are committed to the full terms of this agreement being implemented to the agreed timescales.

To strengthen the implementation process the following structures will be put in place:

- 2.6.1 RMG/CWU joint recovery and transformation boards will be created. These boards will share all relevant information and systems will be set up to track progress and flag up any issues requiring urgent resolution and meet quarterly at national and regional level; and
- 2.6.2 The Industrial Relations Framework will also apply, supported where necessary with fast-track processes to move implementation forward. Any issues at local level will be recorded in the normal way and this information will form part of the progress reports made to the joint boards;
- 2.6.3 The parties will continue to seek support and facilitation from ACAS to ensure the spirit and content of the agreement is fully implemented.

3. Job security and assurances over the company's future plans

On the basis of our joint commitment to deploy the changes set out in this agreement, including the timelines for achieving these, RMG will abide by the following key principles covering employees on job security and reassurances over the company's future direction and plans:

- 3.1.1 RMG commit to no compulsory redundancies for the life of this agreement. There will be a joint review of this position in April 2025, to consider whether circumstances allow for the company to extend this commitment;
- 3.1.2 The implementation of any headcount reduction will be based on workload and productivity improvement and prioritise natural attrition, reduction in agency workers, temporary workers and Voluntary Redundancy;

- 3.1.3 With the exception of VR compensation terms, the full terms of the existing MTSF process for Voluntary Redundancies will apply, including how surpluses and redeployments are managed;
- 3.1.4 RMG remains committed to providing its Universal Service Obligation. RMG and CWU will also work together on a plan to ensure the USO can be sustained in the longer term. Where appropriate, the company and CWU will jointly approach the government and Ofcom to discuss shared views on the future of the USO;
- 3.1.5 RMG has no plans to compete on the basis of becoming a gig economy employer and the overall resourcing model will continue to apply the highest standards of employment practice, alongside employee terms and conditions that continue to set the benchmark across the post and logistics sector;
- 3.1.6 RMG has no plans to set up a separate parcel company and confirm they are committed to pursuing all growth opportunities through existing employees and the core business, including the new optimised parcel network;
- 3.1.7 RMG confirm there are no plans to outsource or franchise any part of the business with the exception of proposals for Fleet as set out in Appendix 4;
- 3.1.8 RMG has confirmed they will not introduce owner-drivers into the Royal Mail core USO operation;
- 3.1.9 In Parcelforce, RMG has confirmed that as part of a new agreed approach to improve financial performance and quality of service, the details of which are set out in Appendix 3, Parcelforce will freeze the recruitment of Owner Drivers, recognising the Strategic Review presents an opportunity to consider alternative solutions. Headcount reductions in Depots relating to revisions and short-term actions defined in Appendix 3 – Parcelforce, will be delivered in the first instance through the reduction in Agency, courier, and Owner-Driver resource.
- 3.1.10 RMG remains committed to maximising full-time employment, whilst continuing to recognise the need for part-time working opportunities.

4. Pay and Benefits

The pay settlement is as follows:

4.1 Base pay and lump sum

This Agreement includes the following pay increases which would be payable to all grades in Royal Mail Group with the exception of Fleet where different arrangements apply (See appendix 4):

A 10% salary increase and a one-off lump sum of £500 (broadly equivalent to 2% of pay for postal grade employees (to be pro-rated for part-time employees)) broken down as follows:

- 4.1.1 The previously consolidated 2% pay rise that applied from 1 April 2022;
- 4.1.2 A consolidated 6% pay rise applying from 1 April 2023;
- 4.1.3 A one-off lump sum payment of £500 (pro-rated for part-time employees). This will be non-consolidated and payable in the next available payroll run following ratification of the content of this Agreement by CWU members; and

4.1.4 A consolidated 2% pay rise for all CWU graded employees applying from 1 April 2024.

All the above salary increases will apply to base pay and flow through to overtime, scheduled attendance, basic pay supplements, functional supplements (where any element is above £10.55), and allowances (except RRIS, legacy and reserved right payments), skills and unsocial hours' allowances, London weighting and Scottish Distant Islands allowance. The next pay review period being 1st April 2025.

Subject to deployment of Indoor Method changes as set out at section 7 of this Agreement, where an employee receives the functional supplement at the date of this Agreement, £10.55 (£11.18 to take account of the 6% uplift) of that functional supplement will be consolidated into base pay. That consolidation will take place as soon as possible following deployment of the changes set out in the Indoor Method at Section 7 of this Agreement. Any element of functional supplement over £10.55 (£11.18 to take account of the 6% uplift) that is not currently consolidated into base pay will remain unconsolidated.

To receive any of the payments above, employees will need to be employed by Royal Mail at the time of the payment.

4.2 Shorter working week

The priority in this agreement is to make progress in current circumstances on overall pay. This does not remove the shared vision in previous Agreements to make further progress on the shorter working week.

4.3 Profit sharing payment

In addition to the pay increases, agreement has been reached for profit sharing over the life of this agreement. For each financial year up to and including 2024/2025, a one-off payment will be made to employees, payable on Royal Mail Group Ltd returning an operating profit in any financial year in that period. The first 20% of operating profit will be distributed as a one-off payment to employees, paid after publication of the company's audited accounts.

Any payment is a non-consolidated, non-contractual bonus subject to tax and national insurance.

To receive the one-off payment employees must be in Royal Mail employment on the date the applicable payment is paid.

5. Establishing an optimised single parcel network for larger parcels

Royal Mail needs to improve its competitiveness in delivery of larger parcel formats, which is the fastest growing segment in the parcels market.

Historically Royal Mail has operated two networks (Parcelforce and Royal Mail Core) and two sets of systems. This means services often cover the ground up to four times a day, adding cost and inefficiency into the business and increasing our carbon footprint.

Royal Mail and the CWU agree in principle to the creation of a Single Parcel Network as a strategic ambition. The intent is to utilise the new parcel hubs, the Direct Parcel Routes and Parcelforce depots as a single, synergised parcels network covering the entirety of the UK. This network will be better for customers by enabling Royal Mail to be more competitive, achieve higher quality and offer better services.

Royal Mail and the CWU agree to undertake a strategic review that will inform the best approach to building this new single large parcel network in the UK to deliver the most effective balance of cost, coverage, and service. The review will encompass both commercial and operational levers.

Both parties recognise that implementation of the single parcel network is a long-term project and that there will need to be interim change in Parcelforce beginning immediately to stabilise the business and return it to profitability. This comprises of two elements; (1) immediate action set out in Appendix 3; (2) a rapid review of Parcelforce, also included in Appendix 3, that will conclude by the end of June 2023. Both parties acknowledge that the solutions that come out of the Parcelforce rapid review (as set out in Appendix 3) may be changed or superseded by the outcomes of the parallel Single Parcel Network review in due course.

In developing an optimised single parcel network, it is anticipated that c85% of all parcels will continue to be delivered through the Royal Mail Core network consistent with the commitment made in the Pathway to Change agreement and move towards a twice over the ground principle where it is economically viable and makes customer sense.

The joint review will fully consider the following options;

- Maximising operational synergies between all parts of Royal Mail and Parcelforce (including moving to a single network on Sundays as quickly as practicable); Including consideration of the optimum number and location of the overall integrated depot model including the 54 Parcelforce sites, with a view to improving drop density on all product streams and reducing stem and interdrop mileage.
- Re-integrating Parcelforce into Royal Mail over a period of time, with a plan to harmonise terms & conditions of existing contracted employees.
- Developing a single suite of Parcel product offerings to minimise internal competition. I.E. RM and PFW not offering identical products.
- Enabling Royal Mail to operate a 24/7 network, with parcel deliveries being undertaken across the whole day including the AM period.
- The design and pilot of a new hybrid reward mechanism based on a price per item approach for performance beyond standard, based on the learnings of the trial scheme agreed in Parcelforce in 2021. Discussions would review the potential for a joint trial for alternative reward beyond core attendance and to develop a plan to balance workload, set targetry and reward levels and meet employee aspirations for earnings. The purpose being to incentivise performance while maintaining earnings levels. Within this, to improve quality and competitive unit cost, consideration will be given to the replacement of SA/overtime by pay per parcel delivered in both Dedicated Parcel Routes and current Parcelforce duties.
- Consideration of the allocation of vehicle types and capabilities across the full SLPN network. I.E. Spread of Parcelforce type (H&L) duties across a larger number of sites.
- Review of Network capabilities and synergies, with a view to combining or aligning containerised and loose load networks
- In conjunction with achieving the right balance of cost, coverage, and service, and jointly developing alternative reward models both Royal Mail and the CWU acknowledge that depending on the outcome of the review the Single Parcel Network will be based on the preference of a fully employed model.

5.1 Dedicated Parcel Routes (DPR) in Royal Mail network

5.1.1 The principle of operating DPRs out of c346 RMG Depots has been agreed with upstream sortation of large format parcel direct to those depots.

- 5.1.2 There is agreement to integrate existing LAT and DPR routes from c346 Parcels Depots.
- 5.1.3 The new parcel delivery jobs will work in the afternoon window to ensure we cover the ground once with larger and later (LAT) parcels. The parcel delivery jobs will be available to employees in the depot catchment areas.
- 5.1.4 Both parties want to encourage take up of work on the DPRs by Royal Mail Core employees. The priority will be to encourage current employees on existing terms & conditions to follow the work. It is recognised that to achieve this, an alternative resourcing approach will need to be developed and agreed that supports the following two principles:

- (1) being attractive to employees; and
- (2) delivering a competitive unit cost per parcel.

The parties will explore all options to achieve these objectives, including the following;

- introduction of new innovative productive duty patterns (such as duties that start later, rotating duties)
- additional earnings opportunities / new reward mechanisms based on the hybrid pay per parcel model

The above options will be applied in all circumstances including where local revisions have already deployed DPRs. Both parties are committed to developing the above solutions in a way that removes the need to use non-Royal Mail Core employees, or alternative resourcing options, to cover this work.

In the event employees do not volunteer to follow the work, after utilising and developing all options contained in this agreement, Royal Mail reserves the right to use alternative resourcing arrangements.

6. Terms and Conditions

The changes to terms and conditions and working practices are set out in paragraphs 6.1 to 6.4 and in the Appendices to this Agreement.

The provisions below and in the Appendices apply only to those Postal grade employees who started before 1 December 2022 on terms and conditions that were collectively bargained with the CWU. These provisions do not apply to Postal grade employees starting after this date.

6.1 Delivery

The agreed changes are set out in Appendix 1 and cover:

- 6.1.1 Seasonal Variation;
- 6.1.2 The 30 Minutes Flexibility Agreement;
- 6.1.2 24/7 Network and Innovative Menu of Duty Options.

6.2 Network Window

An Extended Network Window will require operational changes across the pipeline. The agreed changes are set out in Appendix 2 and covers:

- 6.2.1 Air Network Operations;
- 6.2.2 Air Hub Site Closure Agreement, Logistics / Area Distribution, National Distribution, Regional Distribution,
- 6.2.3 Processing (MC and RDC) and Delivery,
- 6.2.4 Exception process to accommodate caring and other requirements;
- 6.2.5 National and local joint working groups

6.3 Sunday Working

Sunday working will remain voluntary but for those that choose to work on Sundays;

- Individuals whose duty time already includes a Sunday and receive a Sunday Premium will continue to receive it.
- For existing employees that choose to work on Sundays within duty time in the future, Sunday Premium will continue to be paid.
- To encourage existing employees to work on Sundays, including additional earnings opportunities, the options set out in 5.1 for dedicated parcel routes will also apply on Sundays.
- Explore attractive and efficient duty structures and reward mechanisms which will encourage current employees to migrate to DPR's and remove the need for external or alternative resourcing options.
- New employee contracts will include a requirement for regular Sunday working.
- In the event current employees do not volunteer to follow the work, after utilising and developing all options contained in this agreement, Royal Mail reserves the right to use alternative resourcing arrangements.

6.4 Sick Pay, Attendance Standards and Leaving Royal Mail Through Ill Health

All of the following applies to employees in Royal Mail Group Ltd including Royal Mail, Parcelforce, and Fleet.

RMG has set out to CWU that the levels of sick absence has significantly increased and this is now materially impacting on the effectiveness of the operation and the financial stability of the company given current circumstances

6.4.1 Sick Pay

The changes set out below aim to address the current situation whilst ensuring employees remain eligible for sick pay, normally full sick pay for 6 months and half pay for a further 6 months.

In addition to the measures set out below, we will establish a Joint Working Group (JWG), with an agreed Terms of Reference, to review the causes and cost of absence with the aim of introducing a sustainable and supportive plan to improve attendance. It is understood there are a combination of factors contributing to levels of sick absence, and it will take a number of different solutions to improve the situation. This will cover all areas put forward by either party including bullying & harassment, grievance, mental health, neurodiversity, the Equality Act, and occupational health.

Sick pay from 1st August 2023 will be as follows:

The first period of an employee's sick absence in a 12-month rolling period would be paid in line with normal sick pay entitlements under the sick pay policy . For employees in the first 12 months of employment, this is statutory sick pay. After 12 months, this is normally full pay for six months followed by half pay for six months; and

From the second and any subsequent period of absence in a 12-month rolling period, the employee would receive the equivalent to statutory sick pay for:

- the first two days of the second absence;
- the first four days of the third absence;
- the first three days of the fourth and any subsequent

Normal sick pay entitlements would apply following the initial periods of statutory sick pay as set out above.

These changes will apply to any sickness absences from 1st August 2023.

The JWG will monitor absence rates on a 6-monthly basis from 1st August 2023. If absence rates fall on average below 5.5% over a 6-month period, then Royal Mail will re-instate the previous sick pay arrangements. Equally if the absence rates are at or above 5.5% across the 6-month period, then the approach above will be re-instated. All information relating to this process will be shared with CWU on a regular basis.

6.4.2 Attendance Standards

New Attendance Standards will be introduced on 1st August 2023.

The new Attendance standards attached at Appendix 6 will be 3 absences or 12 days over 12 months at each stage (a rolling 12-month period for attendance review 1).

There will also be changes to the attendance process. When an employee returns to work following a period of sickness absence, their manager will hold a Welcome Back Meeting to discuss the absence and understand whether any further support is required. As part of this approach, Welcome Back Meetings continue to be an important part of the Attendance Procedure. However, they will also be used by managers to decide whether an absence will 'count' towards the Attendance Standards. Managers will continue to have discretion over which absences are deemed to count, taking into account mitigating factors (e.g. equality act absences).

The JWG will resolve within the next 3 months any issues relating to the future role and application of Welcome Back Meetings, Attendance Reviews and the migration of employees from the former standards to the new approach outlined above.

6.4.3 Leaving Royal Mail through Ill Health (LTBIH)

Where employment with Royal Mail comes to an end due to ill health and the employee meets the criteria for LtBIH with lump sum, they would receive a fixed compensation payment of 16 weeks' compensation. In addition, the employee will receive a payment in lieu of notice and a payment in lieu of any accrued but untaken annual leave.

This change will apply to ill health compensation payment authorised on/after 1st August 2023.

In conjunction with the overall success of this agreement RMG and CWU share a joint ambition to continue to provide industry leading sick pay and ill-health provision for all employees.

7. Royal Mail/CWU National Agreed Trial Indoor Delivery: Method change

Both parties recognise that mail profiles have changed significantly over recent years with letter decline and the comparative increased growth of parcels. Accordingly, the joint commitment within the Pathway to Change agreement was to put in place new solutions to the current indoor operation. Royal Mail Delivery OPGs working in the delivery operation currently spend up to 2 hours each day on 'indoor work', mainly this is the preparation of mail for delivery using RM2000 frames. Many European postal networks have successfully reduced this indoor preparation activity through method change, and this represents a significant opportunity to achieve efficiency improvements

Royal Mail and CWU will jointly conduct numerous rapid trials commencing May 2023 in 8 jointly agreed units and seek active input from the CWU and frontline delivery employees in order to examine if this time can be realised from indoor delivery operation. We will also jointly work closely with delivery employees to test, trial, and feedback on, new methods for indoor mail prep with the aim of providing alternative solutions which can assist in removing the need for RM2000 prep fittings whilst improving performance.

Trial groups will also learn from past work, seek input from previous trials and other postal operators, where appropriate. National parties will also visit other postal operators who have successfully deployed alternative preparation methods to help inform a solution options and determine its suitability.

It is agreed that we will jointly conduct trials with full involvement of CWU within the localities which will conclude in time to facilitate national deployment from August 23. We commit to also work closely with frontline delivery OPG's to test, trial, and feedback on, new methods for indoor mail prep – and to test if deploying those changes will allow for the reduction of indoor prep time. Local input and joint problem solving will be an important to aspect of finding the right solution.

The Trial will be set against the following success criteria:

- Reduction in the amount of indoor preparation work by circa 20-35 mins
- That any solution is rolled out and accruing benefits by August 2023. A reduction in the amount of indoor preparation would result in significant savings when expanded nationally.
- Trials will be unconstrained in their approach and may require upstream changes from supplying mail centres and local distribution operations.
- Upstream presentation of all mails, including the levels of sequencing mail must be to an agreed and consistent standard.
- There will be full compliance to health and safety, recognising that the environment within the indoor operation provides the best opportunity for as many tasks to be completed.
- No detrimental impact to quality, USO clearance and service, nor should any change restrict future growth opportunities.
- The Door-to-Door product is important to customers and any new method should seek to improve Q of S, stimulate growth, whilst ensuring clarity to cold/warm calling.
- Royal Mail remains committed to the shared ambition of maximising a full-time employment model for its employees, whilst continuing to recognise the need for part time working opportunities.
- Take into account the impact on attendance patterns & earnings levels, and the introduction of seasonal variation impacts on indoor changes.

- The future job design and length of delivery span and what is achievable and sustainable going forward.
- Better utilisation of space to allow further growth for all products and an improved environment for all.

8. Engineering, Fleet and Parcelforce

We will establish a Joint Working Group (JWG), for Engineering Grades to review all aspects of proposed change for Royal Mail Engineering which will include a review of the new terms and conditions that have been deployed. This will cover all areas put forward by either party

Pay and change for Parcelforce and Fleet employees is dealt with in separate appendices (see Appendix 3 for Parcelforce and Appendix 4 for Fleet).

9. New Entrant Terms and Conditions

The company introduced new terms and conditions for new entrants in Delivery and Processing from 1 December 2022. In light of this the following has been agreed:

9.1 New entrant employees will be part of the CWU collective bargaining unit and will be covered by all future bargaining and agreements with the CWU. This will take into account the overall success measures within this Agreement to return Royal Mail to profitability and achieve sustainable growth.

9.2 A joint working group will be established for the next 6 months to review how new entrants' contracts are operating and to consider alternative approaches including exploring: -

- a. a potential new grade for new entrants, including how to support different areas of growth e.g. dedicated parcel routes, Sundays and flexible work locations.
- b. the impact and benefits of the new ideas set out in the single optimised parcel section of this Agreement to establish the quantum of potential cost base reductions from these approaches.
- c. a review of pay and conditions on offer from RMG's competitors and developments across the broader labour market.

9.3 RMG and CWU will jointly campaign to level up terms and conditions in the broader postal sector and ensure that RMG continues to set the benchmark across the post and logistics sector. RMG also confirm that subject to overall affordability the company share the CWUs vision to level up T&Cs within RMG.

10. Joint Working Group – New Ways of Working

In conjunction with Appendix 1 paragraph 3 and the wider changes in this Agreement, RMG and CWU will also set up a joint working group covering all functions. This group will explore ideas that build a positive culture, ways of working and workplace environment for front-line employees, CWU Representatives and managers.

The JWG will encourage blue sky thinking on the best way to build working practices that support this agreement, incentivise and trust front-line employees to manage their daily workload, whilst meeting the needs of customers, Quality of Service and the business all underpinned by a welcoming and inclusive workplace.

The JWG will provide all participants with a unique opportunity to work together in a constructive environment, with nothing being ruled in or out as an option. As such, any outcomes will only be implemented if agreed by both parties.

The joint working group will seek direct input on ideas from front-line employees, CWU Representatives and managers. This work will conclude no later than the end of July 2023.

11. Review and List of Appendices

The full terms of this Agreement including the appendices listed below, will be subject to a six-monthly review by the signatories and Senior Teams of RMG and CWU. The review will ensure that necessary progress is being made and will focus in particular on the progress required to improve Industrial and Employee Relations and implementing and delivering this Agreement.

The appendices below contain the detailed approach to the operational changes set out in this Agreement.

Appendix 1 – Delivery

Appendix 2 – Network Window

Appendix 3 – Parcelforce Worldwide

Appendix 4 – Fleet

Appendix 5 – Data Use and Performance Management

Appendix 6 – New Attendance Standards

Appendix 7 – Terms of Reference - Independent Review of Conduct Cases

[INSERT SIGNATURE PAGE AND DATES]

Appendix 1

Delivery

1. Seasonal Variation

- 1.1 Royal Mail and the CWU have agreed an approach which supports the need for Royal Mail to be more flexible in an increasingly competitive marketplace. The approach will also support the Universal Service Obligation and ability to meet quality of service targets against varying levels of workload over the seasons of the year. The approach is based on a mutual interest approach and will aim to maintain job security and secure terms and conditions for employees. Seasonal variation aims to better align our scheduled hours in different blocks of the year to the typical workload in those periods. In doing so it also aims to: -
- Improve productivity and efficiency and USO/services standards for customers and ensuring all workload is cleared including door to door.
 - Reduce the need for outdoor lapsing and absorption which is unpopular for employees
 - Provide more consistency of delivery time for Estimated Delivery Windows for customers
 - We agree that employees' weekly hours will be adjusted up and down by a fixed amount for a block of weeks and their start and finish times will vary slightly depending on seasonal peaks and troughs of work.
- 1.2 Key principles: The approach to seasonal hours will be based on a national standard design set out below.
- 1.2.1 The initial design for Year 1 will be jointly reviewed to capture lessons learned, take feedback with an aim for improving the approach.
- 1.2.2 Seasonal variation would be applied in the Delivery operation over 3 periods during the full-year cycle, as outlined below: -
- Week 39 to Week 8 at 37 hours (Mid Period - approximately half the year)
 - Week 9 to Week 23 at 35 hours (summer period – lower workload)
 - Week 24 to Week 38 at 39 hours (autumn period – higher than average workload over our peak season).
- 1.2.3 The adjustment referred to above of 2 hours up and down per week in a seasonal block is based on a 5-day Full Time attendance, and this will be deployed as 24 mins per day of variation regardless of duty pattern (+/-) for full timers and 10 mins per day (+/-) for part time employees.
- 1.2.4 The first deployment of seasonal variation will be in Autumn 2023 and will require the additional time to be worked before the standard duty current start times. The impact of this will be reviewed to assess if it creates issues such as instances of running out of work between wave 1 and wave 2 arrivals impacting indoor productivity.
- 1.2.5 In the first summer period 2024 the reduction in time for part timers will be at the end of the duty enabling an earlier finish (by 10 mins). In order to keep shared van finish times aligned the full timer finish time will also be 10 mins earlier and the start time will be 14 mins later. This will also be reviewed after the initial pilot to see if the full reduction in time can be from the end of the duty.
- 1.2.6 The seasonal adjustment will be applied equally to all days of attendance over the week in a seasonal period. In initial deployment this will be applied as 24 mins per day for a full timer, including job shares and 10 mins per day for part timers. The part timer adjustment reflects the part of variation associated with the outdoor element of work as we need to keep shared van pairs aligned in their attendances to manage the workload together. Because the summer and autumn periods are the same number of weeks, the adjustments up and down in attendance time are the same.
- 1.2.7 The seasonal overlays will be applied on top of long and short duty patterns.

- 1.2.8 Consistent with current agreements Annual leave will be booked in hours versus the “planned” hours of the season. A typical full timer would have 35 hours deducted for a full-time week of leave in Summer and 39 in Peak. Exact deductions would be applied on a daily level based on the work schedules in PSP. Sick leave continues to be recorded in instances / days.
- 1.2.9 Pay for duty hours will be the same for all weeks of the year and not altered against the seasonal profile.
- 1.2.10 Whilst there will be minor misbalances over rotation periods (e.g., Wallington and other rotation types) these will correct themselves over multiple rotation cycles. (For the purpose of clarification there will be no adjustment or accrual of hours between seasons to account for rotation imbalances)
- 1.2.11 Where the length of the day impacts on the meal relief entitlement these will be calculated in line with the “Way Forward” agreement.
- 1.2.12 This seasonal approach will impact on delivery roles which have outdoor delivery content as these are the duties where workload varies during the three periods. Other roles such as collection duties and indoor roles do not see the same seasonal variation and so will have consistent attendance length across the year. As part of the future joint review of seasonal working arrangements it may be determined that some indoor roles do see a seasonal fluctuation e.g., locker roles or CSS operators and bring them into scope.
- 1.2.13 Where a Reserve is in a resourcing group which has seasonal adjustments, and they cover roles which do not have seasonal adjustment (e.g., a locker or A-task role) their hours credited for the day covering an indoor role will be reviewed so that they are occupied and not disadvantaged. For example, if they are on low period hours (35 per week) and they cover an indoor role (37 per week) then at the weekly resourcing meeting it can be jointly agreed that on the day individuals can reduce the specific content from the indoor role down to the daily equivalent to support 35 hrs per week or be paid overtime to match to 37hrs per week. At peak times if the reserve is being paid for 39 hrs per week and covering a role scheduled for 37hrs per week then they will be given additional content to fill their available hours.
- 1.2.14 One aim of seasonal variation is to significantly reduce the need to lapse and absorb as the change in workload is factored into the length of the duty. It would also increase consistency of Estimated Delivery Window as the deviation from historic delivery time is reduced. Where a unit has more workload variation than 2 hours per week per full time role in the “low” summer period, additional leave slots in summer along with structured absorption could be deployed to enable more leave and support the productivity flightpath. The joint pilot activity as part of this initiative will enable evaluation of the opportunity to do this through feedback and from those units involved. Both parties will jointly look ahead at the forecast workload which will also help inform next year’s annual leave pick, including the overlay of seasonal adjustments.
- 1.2.15 We will jointly monitor holiday pay to understand how the seasonal approach and the alteration of the pattern of overtime impacts on the current regularity threshold of holiday pay paid under the existing policy/system at different times of year.
- 1.2.16 We will also jointly review the guidance for annual leave pick arrangements and additional leave purchase and commercial forecasts and workload forecasts to support the seasonal approach from 24/25 onwards.
- 1.2.17 A further aim of the seasonal hour’s approach is to maximise consistency of duty cover, which helps with familiarity for frontline OPG’s and consistency for customers and so the core of work through the different seasons is intended to be the indoor and outdoor work related to the listed duty for walk-holders. There may be instances where there is a gap between supply of hours and workload which needs to be filled with productive work, and we will aim to do this from additional work added to the core duty rather than reallocating people to alternative duties with more workload. This will be an output of the weekly resourcing meetings.

Deployment approach

- 1.3 There is joint agreement to deploy seasonal variation across the delivery operation in order to better align resource to workload across the seasons of the year. A short pilot will inform the national rollout. (Full deployment from Autumn 2023)
- 1.4 This approach will be piloted in 10 units nationally based on the key principles outlined above. The pilot units will include a mix of small, medium, and large units, town, rural and university areas, (as university areas can in particular see a sharper fluctuation in workload during the year cycle). The pilots will run from May 2023 (week 9) and review towards the end of the low season (Week 20). The pilots will need to use manual work packages to set up and manage the seasonal working which will require high levels of local involvement and co-operation. We will deal with the exceptional situations where someone considers they cannot adjust to the seasonal approach requirements locally, but the starting point is that everyone in the unit and working on in-scope roles undertakes the seasonal variation.
- 1.5 The pilot approach will generate learning on how best to deploy seasonal variation taking into account other change activity such as network review. The pilots will also explore how we can jointly reduce summer lapsing and absorption through this approach. Pilot units will continue with the approach.
- 1.6 During the pilot phase all units will undertake preparatory work to accelerate expanded deployment for the autumn period. National deployment of seasonal variation will commence with an annual cycle commencing week 24 of 2023 as we enter the high season.
- 1.7 The outputs of the pilot will inform a review of annual leave planning for 24/25 which will take place during October 2023.

2. 30 Minutes Flexibility Agreement, meeting customers' need

In parallel with the Seasonal Variation approach, we will also jointly review the approach to the use of 30 minutes' flexibility previously agreed in the 2007 Pay & Modernisation Agreement and in line with the 2013 Joint Statement covering Fairness, Dignity & Respect in Delivery. This joint review will be to understand how this approach can address workload changes at a route level on a daily basis and develop a revised agreement which will support the efficient delivery of the USO.

The review will gather information relating to how the existing policy is being applied and what arrangements are in place in units, particularly where this approach has been formalised and adopted. The review will also consider and determine how SI/SO data can be used with applying this flexible arrangement. The review will conclude by the end of July 2023, and there will be a joint launch of a revised formalised approach to the 30 minutes' flexibility agreement.

3. 24/7 Network and Innovative Menu of Duty Options

Royal Mail and the CWU are committed to growth and both parties recognise that accessing new opportunities will require a 24/7 network. Both parties agree to a national joint review of duty options between April 2023 and June 2023 in order to consider how we accommodate network changes, the changing profile of workload over the week, incorporating Sunday working and expansion of the dedicated parcel routes in the afternoon window. The review will include how effectively existing duty options resource to workload, productivity achieved whilst

also recognising the feasibility of longer outdoor spans as indoor work reduces. There is a commitment to implement any agreed changes arising from this review as these are considered essential to achievement of the delivery productivity flightpath.

Appendix 2

Network Window

An Extended Network Window will require operational changes across the pipeline

Both parties are committed to working together to facilitate a Network for Growth and the Environment. Migrating to a new Network will require operational changes across the pipeline, taking place over a three-year timeframe, from 2023/24 through to 2025/26. The New Network will reduce reliance on air as a mode of transport, on a phased basis, resulting changes to workplan being introduced and operational timings across the pipeline being amended.

While recognising the cost and environmental benefits of moving away from Air transport on a phased basis both parties remain committed to the expedient movement of workload through the pipeline, prioritising connectivity and maximising the full day, delivery window.

No changes associated with Network Window will take place during calendar year 2023, recognising the change load, need for operational stability, establishment of national and local joint working groups and the need for detailed planning to take place across all functions. The Network Window will change in March 2024 with a transition plan to reach end state on Flight Sector Removals during the calendar year of 2025.

Air Network Operations

The change in the National Network will support the reduction of up to 18 sectors from the mainland Air network, a significant reduction in Co2 and will also facilitate a review to rationalise the current sprinter and network road services. The review will also increase the use of Road and Rail alternative modes to Air for future commercial growth.

Royal Mail and the CWU recognise that any proposals of this magnitude have a significant impact on employees and have agreed that in order to mitigate the wider pipeline impact the removal of flight sectors in priority order will be phased. This phasing will provide a period of stability and enable the maximum opportunity to fully progress peoples issues at affected Air Hubs.

The proposed change and timescales at each site is as follows:

- Aberdeen: April 2024
- Stansted: August 2024
- Exeter: April 2025
- Inverness: April 2025

The detailed phasing program will be the subject of national consultation, on the priority order for the removal of flight sectors, including the impact on the air network and the progression of the people issues.

Air Hub Site Closure Agreement

Royal Mail agrees to work with the CWU on a specific site closure agreement for the closure of the specific hubs listed above ("The Site Closure Agreement"). The Site Closure Agreement will consider the redeployment options within the MTSF agreement including the provision of training to maximise choice and facilitate redeployment opportunities both within Royal Mail and beyond. Where a surplus situation remains after all redeployment options have been fully explored Royal Mail will enhance the VR terms for these specific hub closures covered by the Site Closure Agreement.

Network Window

The restrictions on start and end times set out in Business Transformation Agreement and the Post Modernisation Agreement (or any other similar agreements) will no longer apply.

The revised Network Window will seek to balance the reduced reliance on air transportation whilst continuing to provide arrival profiles which meet the needs of the delivery operation, employees' attendance aspirations and Royal Mail's delivery service specification for all products across the day including within the a.m. period.

It is anticipated these changes will start from the dates set out below in each section and the impact the change has on employees in each area of the operation affected is set out below.

National Distribution

The new national network will be designed based on an up to 3-hour extension to the network window at end state of the programme.

The changes will follow a 3-year plan as follows:

- Current efficiency changes will be progressed in line with the national Joint Statement. Phased arrangements for the migration of workload linked to the transfer of workload from air to road/rail will be progressed in line with the principles established for the NW Hub. All further in year change will be dealt with as BAU in line with the terms of national agreements including the Professional Drivers Agreement.
- Deployment of agreed changes to accommodate the Network Window Change and phased removal of flights will be facilitated and deployed through a Network/Linehaul Review in April 2024 and April 2025.
- All phases will use data provided by container tracking to review service utilisation. However, both parties reaffirm the priority commitment to advance workload through the pipeline and workload will not be unduly delayed to improve container fill, where this would undermine this commitment.

Regional Distribution

- For 23/24 Normal Regional Distribution (PAD) revisions will take place by October 2023.
- Deployment of Regional Distribution Changes agreed to accommodate the Network Window Change and phased removal of flights will be facilitated and deployed through the annual PAD Revisions in April 2024 and April 2025.
- All phases will use data provided by container tracking to review service utilisation. However, both parties reaffirm the priority commitment to advance workload through the pipeline and workload will not be unduly delayed to improve container fill, where this would undermine this commitment.

Processing (MC and RDC)

In line with the Later network arrivals detailed above, an extension to the Inward processing window is required. The impact of changes to the Network Window in March 2024, to facilitate phased flight sector removal is anticipated to reduce Night shift workload and transfer this onto the front-end of the Early shift. Currently modelling suggests minimal impact on Late shifts and no impact to RDCs.

The degree to which this change will impact will be different by Mail Centre, dependent on local arrangements and position in the network. Based on initial Royal Mail modelling, at end state the majority of Mail Centres will see < 5% movement in workload by shift. However, for more distant Mail Centres or Mail Centres with no early shift operation, attendance times may need to change by up to a maximum of 90 minutes. Where more substantial operation change may be required it will be progressed on the established principle of efficient alignment of duties to workload, whilst striving to minimise disruption and will fully consider current attendance patterns and movement between shifts will continue to be voluntary.

The required changes to resource alignment must be deployed concurrent with the Network changes to ensure that mail arriving to the new arrival profiles is successfully processed to meet due delivery. Changes to resourcing will be undertaken via existing national agreements and processes.

A full joint analysis will take place at each Mail Centre to assess any possible impact to current duty structures and develop solutions to process workload which meet joint aspirations to maximise full time jobs and provide the best possible earnings opportunities to match employee aspirations and work life balance.

Royal Mail has confirmed that they have no plans to close any existing Mail Centres for the duration of this Agreement.

Delivery

Any reduction in the Air Network will seek to maintain the advantage Royal Mail has leveraging the shared economics of delivering letters and parcels together on the core delivery, conveying all traffic through the pipeline promptly and efficiently to limit the impact on Delivery Start Times.

On deployment of the Network Window Change in March 2024 and to ensure that revised Network Services connect as much as possible to the core delivery while reducing the environmental impact, it is agreed that a revised published last letter specification of 16.30 hrs urban and rural will be introduced.

Last letter Delivery completion times will vary up to 16.30 hrs though the majority of deliveries across the UK will be planned to complete before 15.30 hrs, with the vast majority by 16.00 hrs. It is recognised that a small exceptional number of rural deliveries will continue to be completed later than 16.30 hrs.

Deployment approach-

It is agreed that:

- In 2023 in advance of the Network Window change there will be no change to delivery duty start times relating to this project. Where there are managerial proposals to alter start times these must be supported by changes to local workload, or productivity changes and be subject to the full terms of the IR Framework.
- Both parties recognise that changes to start and finish times are of concern to many employees in Delivery and commit to seek to minimise change in start and finish

times whilst still achieving the necessary improvements in cost and environmental impact.

- Both parties are committed to a joint programme of work designed to achieve the necessary Pipeline, work flow and Mail Centre cycle time improvements required to limit the change to start and finish times up to a maximum of 60 minutes. To achieve this, joint activity will be undertaken at a national and local level to review all such opportunities to advance workload and facilitate this outcome.

Where improved product flow is consistently achieved as a result of the activity set out above and sustained for a period of 3 months prior to deployment in March 2024 then start and finish times will be moved accordingly. Performance during this period will be jointly monitored and reviewed by the Joint Working Groups with a view to resolving any issues.

- Where this programme of work does not make it possible to limit the change to up to 60 minutes, during March 2024 delivery start and finish times will move up to a maximum of 90 minutes later as a result of extended network window, the last letter delivery time at this point will move to up to 16:30.

The role of the National and Local groups is set out below.

- Between May 2023 and September 2023 newly established National and Local Joint Royal Mail/CWU Working Groups will explore if the modelled impact on Delivery start and finish times can be improved upon with any need to move start times later fully mitigated. The local participants and frequency of the meeting activity will be jointly defined and agreed.

The Joint National and Local Mail Centre catchment groups will;

- Find solutions to improve cycle time and flow from collections to outward despatch
- Develop solutions and targets to advance despatch to mitigate volumes arriving on final despatch. This should seek to offset the additional travel time in the network arising from changes in transport type from flight and sprinter to HGV and rail. As an example this might mean despatching all 1c outward letters and large letters and Special Delivery on the earlier main despatch at a Mail Centre with review of onward conveyance to connect to wave 1 at distant mail centre. Mailsort 1 needs to mirror the Mail Centre workplan to connect to wave 1 delivery.
- Develop framework changes to accelerate inward cycle time for final arrivals to advance the possible local distribution to Delivery. This will need to recognise the economics of installing additional runs.
- Minimise the number of items falling onto sweeper recovery services, which can be achieved through mitigations described above.
- Activity will progress at pace in order to deploy the solutions by August 2023 to gain the increased wave 1 volumes in delivery ahead of the changes to network in March 2024. This activity will also be critical for supporting any indoor method change.
- Consideration of any supplementary actions needed with the above changes to maintain performance during peak.

Where the simple 'drag and drop' of duties causes an issue, for example the completion of delivery span will be running into the time when collections or Dedicated Parcel activity starts

and either the person or their van/PDA are needed to undertake other activity this needs to be managed by exception and planned for ahead of the start time change.

Once the above has been finalised, both parties will ensure that all employees will know the detail of the changes 3 months prior to deployment, recognising the degree of change in some delivery locations. This will then allow for an individual's circumstances to be fully considered in line with existing Royal Mail policies and employee exceptions process.

Exception process for all employees (Delivery, Processing, Distribution) to accommodate caring and other requirements

As a result of the above changes to working patterns many individuals will need to adjust their attendance times. Royal Mail will ensure that in the vast majority of cases these changes will be minimal and can be accommodated with enough notice and support. However, some employees will have responsibilities and commitments in their personal lives which may make this more difficult. Royal Mail will therefore strive to accommodate at all times the needs of individual employees, whilst also meeting the needs of the operation. Royal Mail and the CWU will jointly develop the process and guidance which will be used to support all front-line employees.

Appendix 3
Parcelforce Worldwide

1. Introduction

Royal Mail, Parcelforce and the CWU recognise that at the time of the creation of the Parcelforce Worldwide, express business model Parcelforce was effectively the parcels arm of Royal Mail. Since then, the commercial and market conditions have changed markedly and in particular the transformation of Royal Mail from a predominately letters-based operation to become a national market leader in parcel delivery, offering a full range of express and tracked products has created internal competition and duplication and has resulted in Parcelforce becoming a Heavy and Large (H&L) operation.

While H&L is a growth area of the Parcels market both parties recognise that operating a separate express and H&L Network with national reach from 54 locations has become increasingly challenging especially as the scope and reach of Dedicated Parcel Deliveries in Royal Mail for larger items has reached deployment stage.

As such Royal Mail and the CWU agree that the long-term future for Parcelforce is in the development of a Single Optimised Large Parcel Network.

While the SLP Network is being developed Parcelforce and the CWU have agreed to develop short term initiatives to restore performance in the current Parcelforce business. To achieve this, both parties need to work together to agree a sustainable, cost-competitive way to deliver larger parcels with improved quality and efficiency.

Parcelforce and the CWU have agreed three streams of activity:

1. Immediate, short-term actions to restore performance
2. A Strategic Review of Hub and Depot Operations
3. Moving to a single optimised parcel network for larger parcels.

1. Immediate, Short-term Actions to Restore Performance

Both parties commit to the following short-term recovery plan:

1. Deploy revision activity based on the principles of the recent JS, including measures to align resource to workload across the week utilising all options including dynamic routing. Revisions should seek to raise productivity to achieve a national target of 95 BSI
2. Pending the Strategic Review, Parcelforce will not recruit any further Owner Drivers. Headcount reductions in depots relating to revision activity and the Immediate Short-Term Initiatives defined in this section will be delivered in the first instance by the reduction in agency, courier, and owner driver resource.
3. Both parties agreed that the Strategic Review presents an opportunity to consider improved ways of working and alternative solutions to support Parcelforce operations in the short term and in preparation of a migration to a Single Large Parcel Network, including a joint commitment to explore new approaches to reward structures containing an element of incentive pay per parcels delivered.

4. Parcelforce commits to no compulsory redundancies for the life of this agreement and there will be a joint review of this position in April 2025 to consider whether circumstances allow for Parcelforce to extend this commitment. Should material progress be made on the creation of the SLP Network by this date the Parcelforce review will be subsumed by the wider joint review of the commitment in Royal Mail
5. Where the headcount reduction measures above do not fully resolve any surpluses, the MTSF process will be used to identify redeployment opportunities across the business.
6. Move volume between Parcelforce and RM where it makes economic sense and delivers the customer promise, including:
 1. Moving specific customers/contracts between both networks, i.e. RM – PFW and PFW – RM
 2. Moving volume in a geographical location onto a single network, e.g., rural areas
 3. Explore efficient options for Sunday volumes with agreed target state of a single optimised parcel network for larger parcels.

There will be an immediate assessment on the readiness of both Parcelforce and Royal Mail to support these operational changes. Building on past experience, traffic movement will be dependent on a full review of capability and service provision and may include the potential ability for Parcelforce employees to follow the work.

In the event a longer lead time is required the changes outlined in this Section 7 will form part of the rapid Parcelforce review outlined below.

7. Fast track escalation process in line with the principles of the IR Framework to deliver revisions at pace.

Target date: End May 2023.

2. A Strategic Review of Hub and Depot Operations

In parallel with the short-term measures set out in Section 2 both parties commit to undertaking a review of what further actions will support the turnaround in Parcelforce profitability. This will include;

1. Operational Review- Upstream & Depot Activity

Parcelforce and the CWU will undertake a full review of upstream and Depot activity to ensure that the Network is in optimum state to regrow volume and align resource to workload efficiently. Considerations will include:

Upstream

- A joint review of upstream processing capacity, taking account of current volumes
- A full joint review of operational arrangements at the PFW Coventry Hubs and Processing Centres. This will review the current operational model and create guidelines for a Realignment type revision process which better aligns resource to workload across the 7-day operation and reduces the reliance on agency resource.

- A full joint review of the current network window in PFW Hubs and Processing Centres. This will consider growth opportunities including in the LAT area, Network synergies with RM including large customer collections while seeking to maximise the collection and delivery window and not abandon the AM period.
- A joint review of bonus arrangements at the Coventry Hubs with a view to achieving a relevant uniform scheme while mitigating the impact on employees. A review of options for a relevant mutual interest incentive scheme (may be the same as agreed for the Coventry Hubs) to drive productivity at the Processing Centres.

Depots;

A joint review of Depot Operations including duty structures and resourcing
Considerations will include:

- Indoor Sortation arrangements and alignment of resource to workload. The optimum level of vehicle loading to be undertaken by night shifts and the arrangements for Driver Loading.
- The use of vehicle routing Technology building on the learnings of the Technology Flight Path initiative in 2021. The aim to produce a uniform approach which balances productivity with the value of driver experience.
- The separation of Collection activity and the reintroduction of Delivery only routes where practical.
- A review of Bulk Route activity and consideration of synergies with Regional Distribution operations in RM. A flightpath for a levelling up process on T&C's to achieve end state parity for PFW MGV Drivers with the MGV Professional Drivers Grade.
- A review of Depot Start and Finish Times based on the outputs of the Network Window Review. Both parties recognise that C&D Start and Finish times are a concern to many employees in Parcelforce and commit to seek to minimise change in start and finish times.
- A review of duty structures will be undertaken across the 7-day window with the aim of incorporating elements of weekend working into duty. This review will utilise existing Saturday and Sunday volume and network capacity and will build on the previous joint activity on inventive duty patterns to provide, reliable, efficient 7-day coverage, while avoiding compulsion and meeting employee aspirations for earnings packages and work life balance. The review of the duty structures will consider all options including 3-4 day weeks, long and short days in a week and more dynamic approaches to route construction to match customer demand across 7 days of the week.

2. Incentivising Productivity:

Design and pilot of a new hybrid reward mechanism based on a price per item approach for performance beyond standard, based on the learnings of the trial scheme agreed in 2021. Discussions would review the potential for a joint trial for alternative reward on either attendance beyond SA, or indeed a wider alternative to payment beyond core attendance. Consideration would be given to develop a plan to balance workload, set targetry and reward levels and meet employee aspirations for earnings. The purpose being to incentivise performance while maintaining earnings levels.

The review will conclude by the end of June 2023 with the objective to implement further measures to support the turnaround from July 2023.

3. Moving to a single optimised parcel network for larger parcels

See Section 5 of main agreement.

Royal Mail and the CWU agree to undertake a strategic review including Parcelforce that will inform the best approach to building a new single large parcel network based on the principle of maximising the synergies, combining networks to achieve the balance between cost, coverage, and service. This review will encompass both commercial and operational levers. The review will conclude by the end of June 2023.

4. Pay & Change

Paragraph 4 of the Main Agreement for Pay and Benefits applies to Parcelforce.

5.Sick Pay & Leaving the Business due to Ill Health: The changes set out in section 6.4 of the Main Agreement also apply to Parcelforce Employees.

Appendix 4 - Fleet
CWU and Royal Mail Fleet Agreement

As part of the RMG/CWU Business Recovery, Transformation and Growth Agreement negotiations have taken place around Fleet operations, including repairing, restoring, and strengthening relationships as soon as possible and third-party outsourcing.

This agreement builds on existing agreements and introduces new ways of working which provides the platform for Fleet to be able to modernise.

Royal Mail Fleet and the CWU agree to the following: -

1. Fleet Assistant

There is a national agreement for the Fleet Assistant Grade. The Fleet Assistant Grade was originally introduced in 2017. The purpose of introducing the grade was to create a semi-skilled grade which removed some of the low-level tasks from Fleet Technicians including tyre maintenance, light bulbs, wiper blades, collecting parts from suppliers or stores, ferrying, and driving vehicles etc.

For a variety of reasons, workshops have not recruited these grades and are using the Fleet Technicians to perform these duties, which in turn could contribute to a downturn in productivity.

We agree to conduct a joint review of the Fleet assistant grade which will conclude within 6 months.

2. Utilisation of Fleet Support Service (FSS) and expansion of deployment

There is a national agreement for the Fleet Support Service (FSS) role. The FSS role was originally introduced in 2014. The purpose of introducing the grade was to create a mobile Fleet Support Service with a specific Fleet Support Vehicle (FSV), designed and fitted out to agreed specification. The intention of these vehicles is to provide a reliable, safe, and efficient service to the operation.

For a number of reasons, there are only a small number of the FSS roles being utilised.

2.1 We agree to conduct a joint review of the Fleet Support Service which will conclude within 6 months.

2.2 It is agreed the opportunity to move to a FSS duty will be offered to existing technicians first and any role back filled. The FSS role will commence once the role has been backfilled or directly recruited to. This will only be approved as long as the CWU and management can agree the FSS is justified and to meet operational requirements

3. Outsourcing Principles

A principle decision-making approach will be deployed by Royal Mail in determining whether outsourcing is the correct approach and will include the following pecking order: (agreed)

1. Contractual hours are fully utilised

2. Overtime has been offered for the day the work is required
 3. FSS has been reviewed as a maintenance solution
 4. Outsourcing is the remaining option
- The principle decision-making approach will follow the points above, as well as quality and cost for Royal Mail and the detail and design of this will be progressed.
 - This approach sets the principle but both parties fully acknowledge that in certain circumstances alternative actions may be taken.

4. Compressed Natural Gas (CNG) Outsourcing

- Royal Mail view CNG as a transitional technology and do not intend to buy any further CNG vehicles
- The continued outsourcing of CNG maintenance for the 80 CNG trucks is agreed because of the considerable investment which will be required to upgrade the workshops
- Should Royal Mail purchase any further CNG vehicles, then the CWU and Royal Mail Fleet will revisit this decision

5. Contractors working on site

- Where a workshop is not actively recruiting it is agreed external contractors will not work in our workshops

6. Electrification

As part of the ongoing drive to minimise the impact on the environment and achieve net zero – carbon neutral deliveries, Royal Mail Fleet will continue to invest in electric vehicles.

- Royal Mail Fleet will continue the training and upskilling of technicians in workshops maintaining electric vehicles
- Royal Mail will share with the CWU the roll out plan of DO's to be electrified
- CWU acknowledge the two lease and maintenance EV trial sites will remain as contractual terms have been agreed. There will be no expansion until the outcome of the trials are reviewed with the CWU

7. CWU Engagement & Relationship

- Both parties agree the current dispute has created tensions in relationships. To have the best opportunity of achieving the objectives of this agreement, Royal Mail Fleet and the CWU agree to a number of initiatives which will strive to deliver better relationships going forward between the CWU and Royal Mail Fleet at all levels, this will be led nationally. The aim of these initiatives is to rebuild trust and confidence at all levels and develop a positive shared approach to joint working, recognising all employees have a stake in how the business is run and change is best delivered with their support.
- Strategic Involvement
- There will be timely strategic involvement at all levels to discuss key strategic decisions. These meetings will be diarised and take place monthly.

8. Resourcing Meetings

Royal Mail Fleet and the CWU agree correct resourcing is key to delivering the objectives of this agreement. Resourcing meetings will take place on a weekly basis. A structure for the resourcing meetings will be developed and deployed by Fleet and CWU Headquarters by within 3 months.

There should be alignment to reach agreement at resourcing meetings. However, failure to agree will not impede the immediate decision making or workload requirements e.g., if there is a disagreement about workload which is imminent, the maintenance will not wait until the Achieving Agreement / Industrial Relations (IR) process is complete.

However, if the CWU representative and workshop management have consistent disagreements, then the IR Framework should be utilised.

9. Relationship with Royal Mail operations

Royal Mail Fleet will develop a reporting pack to be shared with operators which details poor performance and compliance in the operating parts of the business. The pack will include issues between Fleet and the Operation. Which will include failed bookings and completed vehicles not collected within 48 hours. This will be distributed bi-weekly, and Fleet and Operations will work together to eradicate any issues identified. The CWU will have a copy of the reporting pack, and this will form part of the agenda for the strategic involvement and resourcing meetings.

10. Aspirational Objectives

Subject to longer term agreement, when VOR is stable, operational, and financial performance is acceptable we will explore the following:

- Friends and family preferential rates
- Explore the options for commercialisation

Review innovative duty patterns including the expansion of working time subject to business needs, but recognise filling the current headcount is key and number one priority

11. Pay proposal – Fleet Technicians - Current (Non-New-Entrant)

The following pay agreement and terms and conditions will now apply to all current (Non-New-Entrant) Fleet Technicians.

Employees employed on New Entrant Terms and Conditions are under section 12.

- An 8.7% base pay increase per hour applies from 1 April 2023
- A £500 lump sum payable (pro-rated for part-time employees). This will be non-consolidated and payable in the next available payroll run following ratification of the content of this Agreement by CWU members.
- From April 2024 a further 2% base pay increase per hour.
- A standard of 39.5 hours per week standard FTE (net)
- A Monday to Saturday overtime rate of 1.4 x
- A Sunday overtime rate of 2.0 x
- 5 over 6 working patterns as standard for all workshops, with the 10 weekend workshops to come online first

- Removal of low and mid points for technicians to standardise hourly pay
- Continue to pay allowances for evening, late and night shift working for those workers who have these hours built into their duty at the date of this Agreement
- Additional supplement remains at £641.76
- Underpin remains £100
- Royal Mail Fleet will continue to supply tools for all Non-New Entrants, although they will allow them to bring their own tools if they choose to do so.
- Saturday supplement £50 (non-pensionable), paid only for rota'd employees in 7-day locations.
- For weekend working locations a 1 in 3 rotation is the standard working pattern, however this is subject to local consultation with workshop management to meet individuals and workshop needs.
- A phased approach to weekend working will be implemented to ensure we have staff availability in a number of locations nationwide - starting in phase 1, with 10 locations. Any site moving to 7-day working will give employees three months notification of the changing shift pattern starting.

11.1 There is a shared expectation that the vast majority of technicians will move to the new contracted 39.5 hours per week. However, technicians will also be able to apply for family friendly policy if adjustment is required. Where technicians have a family friendly adjustment and repeatedly work overtime the family friendly arrangement will be withdrawn. Both parties will ensure any such arrangement will meet the needs of the operation.

12. New Entrants – Fleet Technicians

The following pay agreement and terms and conditions will now apply to all New-Entrant Fleet Technicians.

- 39.5 hours per week standard FTE net
- Under Option A - pay will increase to £18.13 per hour from 1 April 2023 and by a further 2% to £18.49 per hour from 1 April 2024
- Flat rate overtime of 1.4x base pay will apply regardless of day
- New starter tools to be supplied by the individual
- 5 over 7 day working pattern as standard.
- Allowances will be paid for evening, late and night shift working for those workers who have these hours built into their duty
- Saturday supplement £50 (non-pensionable), paid only for rota'd employees in 7-day locations
- Sunday supplement £100 (non-pensionable), paid only for rota'd employees in 7-day locations
- For weekend working locations a 1 in 3 rotation is the standard working pattern, however this is subject to local consultation with workshop management to meet individuals and workshop needs.

Appendix 5 **Data Use and Performance Management**

1. Introduction

The key principles below fully support the implementation of a new approach with regard to the use of technology derived data and applies all Royal Group Limited employees including Parcelforce and Fleet,

Both parties recognise that there are a range of existing agreements that relate to the introduction of new technology and include references to the use of data. Whilst the commitments in this agreement listed below revise the specific area of data use in those agreements this does not supersede all other aspects.

- The greater use of technology will be crucial to the future success of the RMG and to support its plans for growth, innovation, fairer and more manageable workloads, improved efficiency and providing customers with the level of services they require today and in the future.
- It is agreed that all individuals have a right to privacy at work and it is accepted that there is a mutual obligation of confidence and trust applied to every contract of employment and that all parties should act in a way so as not to break that relationship.
- It is recognised that the use of new technology/data may increase levels of visibility and RMG recognise the need for this to be introduced in a way that is supportive, allays concerns and gains the support of employees.
- RMG also confirm that technology/ data will not replace the need for consultation and negotiation as outlined in the Industrial Relations Framework. Therefore, the use of technology is designed to support more informed discussions between RMG and CWU and not replace them in any shape or form.
- Technology and data will be used to understand workplace and individual performance in a fair, and consistent way. It will also help support the identification of potential operational improvements. This approach will include formalising and enhancing the role of workplace coaches to focus support where it is needed with an emphasis on solving the vast majority of performance concerns informally via peer-on-peer support and coaching.
- Individual performance data will not be displayed in unit or work areas or through the use of league tables.

RMG commits and gives assurances that will cover the use of data and any impact on employees as follows: -

- o Technology/data will not be used to de-humanise the workplace.
- o Technology/data will not be used to track individuals in real time.
- o Where technology/data replaces a manual system, any process supported by the manual system will in future be supported by the new technology.
- o Technology/data will be used to complement, inform, and enhance along with all other factors, the existing resourcing processes, including manager, CWU rep and employee conversations.
- o Technology/data will replace outdated and inconsistent manual methods of information gathering and provide the underlying insight to improve current processes including resourcing.
- o Both parties recognise care needs to be taken to ensure we build a positive and supportive workplace culture. All data will be used in compliance with Royal Mails GDPR obligations.
 - o Individual data will be used for coaching purposes in a supportive manner. In exceptional circumstances where a serious incident or accident has occurred which may be a potential gross misconduct issue, relevant data

may be used. Where this is the case managers will explain the reasons to the individual; including what, why, and how the information or data has been used in that relevant investigation.

2. Performance

Supporting employees to be able to perform at their best whilst at work is essential. Postal workers are the greatest asset and allowing them to be the creators of value for Royal Mail is critical for the business' success. Royal Mail will ensure all our employees, including managers, understand what's expected of them and it is Royal Mail's responsibility to ensure they have the skills, resources and support they need to succeed, which in turn will allow postal workers to operate with greater autonomy and be accountable for their work.

To be able to achieve both parties agree culture, trust, language, individual responsibility, line manager responsibility, fairness and consistency all play a part, along with having positive conversations and putting the appropriate training and support in place at the right time.

Both parties will work together to design and implement a suitable and consistent performance procedure (to replace the 1980 Non-Culpable Improvement process) by end of July 2023, taking feedback on best practice from ACAS. Prior to the deployment of a new process Royal Mail and CWU will ensure all managers and CWU reps are fully trained and a thorough communications plan to employees is rolled out.

Royal Mail's focus will be to treat individuals fairly and respectfully where performance issues are identified. Royal Mail's approach at all times will be to support and coach individuals to improve and to give reasonable time to do so. This will be done with the help and support of the workplace coach.

3. Pilot Approach – New PDA APP/Tile

Royal Mail is launching a new APP/Tile on the PDA for the access of frontline delivery staff. In developing a new approach both parties agree to the pilot of a new "my performance" app/tile on the PDAs that will push walk/route-based safety & customer information directly to OPG's with the objective of raising awareness of individual contribution and initiate support where it is required through the workplace coach.

The CWU will be fully involved within the pilot and ongoing activity, which will be carried out in line with the commitments, principles and the spirit of this agreement including the use of any data derived through the App as outlined above.

This Pilot is aimed at ensuring positive and ongoing conversations in regard to enabling higher levels of customer service and business performance with employees through the use of the data and technology.

The Pilot will aim to ensure higher levels of customer service and business performance, enabled through the use of technology there will be a joint review to explore the potential for the App to support reward mechanisms, fully taking into account frontline staff feedback.

4. Opportunities to streamline pay administration

A joint trial will be initiated to evaluate how the attendance time data arising from the deployment of Scan in Scan Out technology could support a streamlined feed of attendance data to payroll to simplify and reduce the amount of back-office activity involved in pay administration.

Any changes will only be via local management intervention and there will be no auto deduction of contractual pay, allowances, Scheduled Attendance, overtime (e.g., where a (verbal) contract for overtime pay has been agreed with the manager prior to commencement).

Attendance Standards

Standards – non triallists	Standards
Attendance Review 1	3 absences or 12 days in a rolling 12-month period
Attendance Review 2	3 absences or 12 days in a 12-month period following an AR1 notification
Consideration of Dismissal	3 absences or 12 days in a 12-month period following an AR2 notification

- Employees who have received an Attendance Review 2 but subsequently improve their attendance, with no more than one absence of four days or less in the next 12-month period, will be removed from the formal Attendance Procedure
- Employees who receive an Attendance Review 2 and have two absences or one absence of more than four days but less than twelve in the next 12-month period will revert to an Attendance Review 1 which will be in place for six months
- Employees who receive an Attendance Review 2 and fail to meet the attendance standards in the next 12-month period may be considered for dismissal. If they are not dismissed, they may be issued with a new Attendance Review 2 for 12 months

Standards – triallists	Standards
Attendance Review 1	2 absences or 7 days in a 6-month period
Attendance Review 2	1 absence in the next 2-month period following an AR1 notification
Consideration of Dismissal	1 absence in the next 2-month period following an AR2 notification

- Permanent appointments to the business will not be confirmed whilst triallists are under an Attendance Review
- Triallist employees who receive an Attendance Review 2 but subsequently improve their attendance with no absence in the next 2-month period will revert back to an Attendance Review 1 for a further two months
- Triallist employees who receive an Attendance Review 2 and fail to meet the attendance standards in the next 2-month period may be considered for dismissal. If they are not dismissed, they may be issued with a new Attendance Review 2 for 2 months

Appendix 7 - Terms of Reference – Independent Review of Conduct Cases

Independent Review of Conduct Cases, Suspensions and Dismissals arising during the course of the 2022/23 industrial dispute in the Royal Mail Group – Terms of Reference

INTRODUCTION

Alongside the Business Recovery, Transformation and Growth Agreement it has also been agreed by Royal Mail (“RMG”) and CWU that an independent review of conduct cases arising from the 2022/23 industrial dispute should be conducted by the Right Honorable Lord Falconer of Thoroton (“The Review”). The terms of reference for the Review are set out below.

In a joint statement dated 28th February 2023 the CWU and RM agreed that the Review should be conducted into conduct cases involving CWU members and representatives arising from the dispute including suspensions and dismissals. Lord Falconer has agreed to conduct the Review.

Lord Falconer will determine the detailed processes to be followed, and the cooperation to be sought from both CWU and RMG in the conduct of the Review.

TERMS OF REFERENCE OF THE REVIEW

Purpose

The purpose of the Review is to provide an independent assessment and adjudication on whether conduct cases arising from the dispute have been fairly handled taking into account relevant policies including the National Conduct Procedure Agreement between RMG and CWU and Unite CMA (Code of Conduct), Royal Mail’s Business Standards, and any relevant policies on bullying and harassment:

The Review will cover:

- Individual cases of both CWU members and CWU representatives referred to it by the union which have resulted in disciplinary outcomes as a result of the dispute.
- Following a sanction being imposed and where an internal appeal process remains available to the individual concerned, each individual should have the choice of either pursuing an appeal through the relevant internal process or referring their case to the Review for adjudication (not both);
- For the avoidance of doubt existing employees whose cases have been through the internal appeal process will still be able to refer their case through the union in to the independent review;
- Decisions on all outstanding conduct cases will be prioritised by RMG and completed to conduct manager decision stage (including communicating the decision) within three weeks from the date of this agreement;
- In such outstanding cases involving a decision on dismissal, whilst the conduct manager will communicate the dismissal outcome, the individual’s employment will not be terminated until the Review, or the appeal, has been completed. During the Review period, which will aim to reach decisions within a 2 week period of referral, the individual will not attend the workplace but will remain on full pay.

The Review will determine all procedures to be followed, and will consider whether in all the relevant circumstances, RMG acted reasonably and fairly in:

- Treating the behaviour as misconduct; and or
- Applying the particular charge to the behaviour; and or
- Determining whether the sanction was appropriate in all the circumstances.
- Outcomes of Review

The determinations reached by the Review on individual cases will be final and binding on the union, the employer and the individual concerned.

Cooperation of the parties

To enable the review to proceed expeditiously will require considerable cooperation from both the CWU and Royal Mail. The reviewer will require the Code of Conduct, the Business Standards, and any other relevant policies on bullying and harassment and standards of behaviour more generally.

The CWU and RMG may also wish to provide the review with any generic material they wish to be taken into account about the operation of disciplinary cases generally.

In relation to the individual cases referred to the review

The CWU and RMG will be at liberty to present any material they consider relevant to the case

Individual case papers to be provided by RMG will include:

- Fact finding invite letter;
- All notes from the fact finding process;
- Conduct invite letter;
- The disciplinary outcome letter;
- Appeal outcome letter;
- Witness statements considered at discipline and appeal stage;
- The hearing notes; and
- Submissions made at the discipline and appeal hearings by the employee or their representative.
- Employees still retain the right to go to tribunal

Both RMG and CWU will provide full cooperation to ensure that the Review can reach properly informed outcomes within as fast a timescale as reasonably practical. At the outset of the Review Lord Falconer will convene discussion(s) with both parties to consider the prioritisation to be accorded to cases for consideration in the Review, and to determine the most expeditious process for the Review. All decisions on the conduct of the Review will be for him to decide in his absolute discretion.