

Business Transformation

2010 and Beyond

A National Agreement between
Royal Mail & the
Communication Workers' Union

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Purpose and Scope

This agreement marks a critical step in the relationship between Royal Mail and the CWU. The business faces the need to radically transform every aspect of its operations in order to survive and prosper in a market where our traditional business is being overtaken by modern methods of communication and where competition, pension costs and volume decline are massive challenges for the company.

Royal Mail and CWU have come together to agree a plan to do this which tackles the urgency of the current situation, identifies what has to be done to address it, and includes full recognition of the interests and concerns of employees.

Both parties agree that central to success is the need to fundamentally transform relationships and quickly build a culture of mutual interest between managers, union and employees. The principles of this are defined in the Relationships section of this agreement.

A test of the agreement will be the extent to which the changes that are part of it are introduced on time and through joint cooperation to achieve the best possible outcome for customers, employees and the company.

This agreement reaffirms the 2007 Pay and Modernisation Agreement, concludes all outstanding Phase 4 negotiations, and builds upon the November 2009 Interim Agreement Key Principles – thus enabling the successful transformation of Royal Mail into a modern, dynamic and world class company.

This agreement covers employees in CWU represented grades in Royal Mail Letters Operations, Logistics and Network, Engineers, Fleet Maintenance Services and Royal Mail International.

Modernisation – A Shared Vision

Royal Mail has a proud history of being a trusted company with deep rooted public support. It is a commercial company which performs a valuable social and economic function across the United Kingdom. Its employees are respected and valued members of the communities they serve.

However, the Royal Mail is facing challenges on an unprecedented scale. The digital revolution, pensions deficit, competition and volume decline means that to secure our future everybody must work together and fully embrace radical change.

To signal a fresh start Royal Mail and CWU have developed a shared vision of modernisation. At its core is our renewed commitment to align the interests of our customers, workforce and the company as a whole.

The following is our shared vision of modernisation and defines the overriding objectives of this agreement.

- **For our customers** – Royal Mail will develop a greater and more dynamic range of products and services focusing on the opportunities that exist through fulfilment, tailored services, track and trace, hybrid mail and our unrivalled position in local communities.

We will work together to ensure that modernisation brings about:

- The delivery of a Universal Service that is sustainable, efficient and reliable
 - An improved and greater range of services for small and large businesses.
 - The highest possible service standards offering great value for money.
- **For our employees** – Employees hold the key to the success of the business. We want them to be recognised as the best in the industry for customer service and efficiency.

Modernisation means there will be a reduction in the overall number of employees, but we will work together to ensure that modernisation brings about:

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- more rewarding employment with better long term prospects for the workforce.
 - a workforce that feels valued and is genuinely involved in making Royal Mail a successful business.
 - A business where employee safety is the number one priority. Employees will be provided with modern, appropriate equipment and support and a realistic workload based on fair and transparent standards.
 - A successful company that supports ongoing improvements to employee terms and conditions, greater long term job security and which sets the benchmark for our competitors to follow.
- **For the company** – Royal Mail is modernising and we want to see that modernisation go further. Royal Mail will be ambitious in its desire to compete and seize the opportunities that the new digital age presents supported by world class performance and a competitive cost base.

Our shared goal is for Royal Mail to secure a prosperous future and be widely acknowledged as a leading world class company in the communications industry.

We will work together to ensure that modernisation brings about:

- A highly efficient and automated company which provides an end to end range of postal and distribution services and solutions to customers at competitive prices.
- An organisation placed on a sound financial footing with commercial success that has the ability to invest in service improvements and employee benefits.
- A Royal Mail brand that is strong and successful commercially and is proud of its social responsibilities, retaining its public service ethos in a modern and dynamic setting.
- A culture of mutual interest that involves managers, the union and employees working together to achieve and share in success, whilst delivering change and continuity of service.

Transforming Relationships

Royal Mail and the CWU recognise past adversarial industrial relations and poor employee relations have not assisted either party achieve their objectives and has increasingly damaged customer confidence. Both parties also accept that unless there is a radical improvement in relationships at all levels then the business cannot succeed. Against this background Royal Mail and the CWU recognise that transforming relationships and modernising the culture is key to the sustainability and success of the business.

A new relationship cannot develop overnight and it will take commitment and time from everyone to build trust and confidence. Real progress will only be achieved by creating momentum through practical and credible first steps.

It is also essential that everyone sets aside any negative experiences of the past and looks forward to building effective relationships based on positive expectations of the future. Central to this is a joint commitment to create a culture where we identify common objectives, align interests and always seek mutually acceptable solutions to the challenges we face.

The following principles are key to the new relationship and will be developed alongside a practical programme of activity to support the development of a culture of mutual interest across the business at all levels:

- The need to ensure that Royal Mail is a sustainable and successful organisation.
- The need for Royal Mail to recognise and value the CWU as an independent Trade Union with a fundamental right to represent its members on collective and individual issues within the workplace.
- The need for CWU to recognise that Royal Mail management has absolute accountability to the public, its customers, employees and stakeholders, for the performance of the business.
- The need to realign, restructure and professionalise industrial relations through more effective involvement, consultation and negotiation.
 - Royal Mail will provide the CWU with genuine engagement at the development stage of key business policies supported by transparency and good information share. New strategic involvement forums will be

established to ensure the CWU can influence and shape key national policies before decisions are made.

- A more positive role with genuine involvement will require the CWU and its representatives to recognise the environment the business operates within, commit to the success of the company, and adopt quicker and improved decision making. The CWU has advised Royal Mail that it will reform its internal structures to facilitate this.
 - The need to ensure that national agreements are consistently deployed at a local level with continuity of service in a way that means industrial action and managerial executive action become unnecessary.
- Having agreed a shared vision of modernisation both parties will focus all our efforts on working together to deliver that vision in a way that continues to align the interests of customers, the workforce and the company as a whole.
 - The need to ensure local parties have the skills and the necessary support to deploy local change fairly, consistently and at pace.
 - The need for both parties to develop a fresh and more positive approach to communications at all levels, including where appropriate shared messages.
 - The need for both parties to develop initiatives to improve employee relations which will include a standard set of modern HR procedures.
 - Royal Mail will support the CWU by providing an appropriate level of agreed release and facilities to allow accredited representatives to carry out their roles and support effective industrial relations. This will be underpinned by a professional financial relationship with funding arrangements on a more consistent footing.

The Practical Next Steps/ Programme of Activity

- There will be a national relationships group, led by the senior representative of both parties, which will meet regularly to ensure the programme of activity is delivered to plan and that the new culture is embedded throughout the organisation.
- We will design and start to introduce quality strategic forums that support the new relationship and provide the opportunity to cover the wider business agenda, commercial context, trade union priorities and external environment by the end of May 2010.
- There will be a review of communications involving relevant experts on communications from both parties to be completed by the end of May 2010.
- We will review and simplify the IR framework with consistent principles by Autumn 2010 which reflect our new relationship.
- We will structure training to ensure that everyone involved in the IR Framework is developed to a minimum standard in line with defined skills and capabilities. Pilots to be concluded no later than Autumn 2010.
- There should be a standard set of HR procedures covering all CWU grades. Attendance, conduct (including the role and continuing need for the National Appeals Panel) and performance are priority procedures for joint review and these reviews should be concluded over the next six months.
- We will complete work on developing a new union release/branch debt recovery process and both parties are committed to new arrangements being implemented from May 2010.

Job Security/Managing the Change

Royal Mail and the CWU have an excellent track record in managing major change programmes without recourse to compulsory redundancy.

The agreed transformation programme will place the company on a viable footing for the future and provide greater long term job security.

Our commitment is to support employees through business transformation in line with the following key principles:

- In addition to the job security commitments contained in the MTSF Agreement - Royal Mail and CWU confirm that the overarching objective is to deliver the transformation without recourse to compulsory redundancies.
 - The key to the above commitment is for both parties to make every effort to ensure that there are no unresolved surpluses. Of primary importance will be to continue with the professional approach to long-term resource planning, utilising normal employee turnover and where necessary early voluntary retirement and voluntary redundancy (EVR/VR).
 - A targeted approach will be adopted to allow individuals quicker access to EVR/VR in the appropriate circumstances at key points in the programme.
 - The CWU will be fully involved in all preference exercises activity in line with MTSF processes.
 - The above-mentioned approach and the amended terms set out below will be subject to ongoing review to ensure the effective management of unresolved surpluses and cost.
- Royal Mail has explored various resourcing models for operations in a mechanised environment and in conjunction with the CWU has concluded that the best model is a flexible workforce, predominantly full time supported by part time employees. The mix of full time and part time is planned to be around three quarters full time and one quarter part time by 2013. The exact ratio will vary locally depending on the current local mix, needs and employee preferences. Full time employees will retain full time status unless they volunteer to move to

part time hours. Part time employees will be entitled to retain their existing contractual hours if they wish.

- New contracts of employment will be standardised. The full range will be shared with CWU and any changes will be discussed with CWU in line with normal procedures.
- Royal Mail and the CWU are committed to managing the transformation by giving employees professional help in making decisions about their future, with a programme of support activity. This will assist the goal of managing headcount reduction without leaving unresolved surplus. Royal Mail has developed programmes currently called Clear Choice and Next Steps to do this. Clear Choice has already been subject to involvement and consultation with CWU specifically in mail centres. These involvement principles will be applied to Next Steps in other affected functions. This approach is designed to supplement existing procedures outlined in MTSF.

MTSF Amended Terms

The approach to change will continue to be in line with the Managing the Surplus Framework Agreement as amended below for Royal Mail Letters.

Royal Mail and the CWU recognise the need to amend the current MTSF arrangements for CWU represented grades across Royal Mail Group to:

- Deal with the statutory change to the Minimum Pension Age and the change in the retirement age in the Royal Mail Pension Plan (RMPP);
- Maximise the number of volunteers for redundancy with a suitable package for all age groups; and
- Best support redeployment during the transformation period over the three years beginning from April 2010,

Both Royal Mail and CWU have agreed to phased changes as they are aware that some employees will have certain expectations based on the arrangements that were in place prior to 1 April 2010. Phase 1: a 6 month interim arrangement followed by Phase 2 from 1 October 2010.

Phase 1: Voluntary Redundancy with last day of service 1 April 2010 – 30 September 2010

Existing MtSF arrangements will remain in place for all employees, except for 50-54 year old RMPP qualifying members where the statutory change in the Minimum Pension Age

means that they will only receive compensation based on aggregate service subject to a minimum of 6 months and a maximum of two years' pay, calculated as follows:

- 0.5 weeks' Pay for each full year of service where age during year less than 22
- 1.0 weeks' Pay for each full year of service where age during year is 22 or above, but less than 41
- 1.5 weeks' Pay for each full year of service where age during year is 41+ and multiplied by 3.75.

This interim arrangement applies to redundancies, applying the criteria in Appendix 5 in MtSF, where the employee has a last day of service of 30th September 2010 or earlier. Exceptionally these terms will also be available for employees offered Voluntary Redundancy in a site closure where most of the redundancies in relation to that site closure take effect before 30th September 2010.

Phase 2: Voluntary Redundancy with last date of service from 1 October 2010

The following provisions will apply from 1 October 2010.

As for Phase 1, except that

- Qualifying members aged 55 – 64 will receive a pension enhancement by way of service credit of 37.5% of their prospective service up to NRA (65), subject to the RMPP Trust Deed & Rules, and cash compensation of 26 weeks' pay or a statutory redundancy payment, whichever is the greater.
- The current age based selection criterion for voluntary redundancy will cease from 1 October 2010, but the other current selection criteria, including seniority, will remain unchanged.
- Total cost of compensation (including pensions) will be limited to two times annual pay (as per the definition in MtSF) for all employees. If the total cost of compensation including pensions exceeds the above limit, cash compensation equivalent to two years' annual pay will be paid. This limit on total cost of compensation will be suspended for the life of this agreement and will be deployed from 1 April 2013.
- If a redundancy exercise at a site means that employees offered voluntary redundancy are released on dates straddling a change in terms, all such employees will receive terms applicable at the beginning of the exercise.

Pay Protection

Royal Mail confirms that where in MtSF pensionable allowances are protected, these allowances will be protected regardless of whether the employee is a member of the Royal Mail Pension Plan.

Excess Travel and Relocation from 1 April 2010 until 31 March 2013

The ETE and relocation changes referred to below will solely apply to Royal Mail Letters. These arrangements will come into effect on 1 April 2010 when the changes to the compensation terms above are implemented. They will apply to redeployment exercises during the period of the agreement. Existing MTSF terms will apply thereafter.

In order to facilitate redeployment during the transformation period, the terms of Appendix 7 of MTSF (Excess Travel Expenses policy) will be enhanced for those whose additional cost of travel exceeds £1250 pa. For those whose annual travel costs are less than £1250 per annum the current arrangements are unchanged.

Reimbursement for those whose annual travel costs exceed £1250pa will be tapered so that in the first three years, employees will be able to claim TWICE the difference between the cost of the journey from their home to their old location and from their home to the new location ("Excess Cost") for a period of three years from the date of their transfer followed by a year where employees can claim a multiplier of 1.0 with the fifth year receiving a multiplier of 0.5. The multiplier and tapering would be as follows:

Year	
1	x 2.0
2	x 2.0
3	x 2.0
4	x 1.0
5	x 0.5

- The total amount reimbursed over the five year period would be subject to a £20,000 limit.
- ETE to be paid weekly or monthly in future depending on the employee's pay cycle. As currently an employee entitled to receive an ETE payment can request that this sum is paid as a single up front lump sum payment (which will still be subject to NI and taxation deductions). Such advance payment will be discounted by 12.5%. However, for those people who will now receive payments over five years, only the

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first three years of recompense can be paid as the lump-sum. Years 4 & 5 will be paid weekly or monthly.

- Relocation terms to be available and based on the 2002 Service Delivery Code of Practice but capped at the average ETE for that unit.

Review

Royal Mail and CWU will jointly review these elements of the agreement (VR and ETE) in October 2012 in the light of the financial position of the company and the progress of the transformation programme.

Generic Operational Transformation

The transformation of Royal Mail's operation is fundamental to the future success of the business. It enables Royal Mail to become more efficient and compete in a modern postal market. It allows Royal Mail to address volume decline while taking advantage of the opportunities that exist for growth in new markets. The operational transformation aspects of this agreement cover a 3 year period and will be jointly reviewed in April 2013.

For employees, operational transformation is key to providing greater long-term job security and more rewarding employment.

The key components of operational transformation are:

- The introduction of new machinery/technology aligned to a new six-day standardised workplan.
- Improved delivery methods, equipment and ways of working.
- A mail centre and RDC rationalisation programme that provides a lean, fit-for-purpose, standardised and modern pipeline.
- To provide an operational platform to respond effectively to volume decline and the opportunity for developing new products and services.
- The introduction of world class methods and working practices delivered by fully engaged, motivated and better rewarded employees.
- Working with employees to achieve world class productivity.

The overarching details of transformation are covered in the following paragraphs. The elements specific to each function are covered in the appropriate sections of this agreement.

Workplan

Royal Mail and the CWU reaffirm their commitment to the speedy introduction of new machinery/technology and recognise the need to support this with a new standardised, six-day workplan.

To provide ongoing confidence, the roll-out of the new workplan and associated changes will be the subject of joint national reviews to establish that the operational assumptions within the workplan support the criteria detailed below. As part of these reviews both parties commit to make such improvements/adjustments as are necessary.

- That mail arrivals are consistent with the transformation workplan and support and enable the attendance patterns and duty structures contained in the functional sections of this agreement to be delivered at local level.
- That the operational transformation programme and associated workplan support the nationally planned staffing mix of around 75 percent full time/25 per cent part time.
- The maintenance and potential improvement in quality of service.
- The need to provide capacity for new products and services.
- The need to provide a cost effective operation.
- Ensures safety for employees.
- That CSS machines are in the best locations to improve mail arrivals and quality of service.
- Arrival and despatch times in mail centres will continue to support the needs of the pipeline.

The new workplan standardises service delivery times Monday to Saturday. Letter delivery completion times will be up to 1500 hours for residential areas and up to 1600 hours for rural. The vast majority of letter deliveries are planned to be completed by 1430 hours and most by 1400 hours. (The relevant principles on attendance patterns and resourcing arrangements are covered in the delivery section of this agreement).

We will jointly look to continuously improve what we do and ensure any ongoing learning is captured and any alterations to the deployment approach are systematically built in to the post implementation review processes in each function and all units. It is also acknowledged that completion of the roll-out programme may present the opportunity for a final workplan review in the best interest of our customers, employees and business.

World Class Performance

Royal Mail and the CWU are proud of the role employees have played in the achievements of the company and the productivity improvements over recent years. Given the challenges the business now faces, including volume decline, both parties have a mutual interest in building upon these achievements by embracing world class performance.

Royal Mail and the CWU recognise that the best way to deliver world class performance is by employees, unions and managers working together to build a culture of mutual interest that will help drive improvements in everything we do.

Central to this will be the development of a structured approach to safety, customer service, productivity and employee engagement.

Royal Mail and the CWU commit themselves to working together to develop and deploy world class standards of performance and methods using a range of approaches. One such approach developed by Royal Mail is the World Class Mail (WCM) initiative. In order to progress WCM Royal Mail are committed to help the CWU at all levels to gain a better understanding of this initiative.

Royal Mail welcomes the support and full involvement of the CWU in taking WCM forward with a positive role in improving and enhancing WCM to ensure its success in practice.

Both parties commit to the deployment of WCM, which will be the subject of consultation at all levels and will be consistent with existing national agreements. The rollout which started in mail centres in January 2009 will complete in mail centres and RDCs by September 2011. In delivery offices WCM is still being developed and will be completed in all delivery offices and network hubs by September 2012.

Royal Mail and the CWU will establish by end April 2010 an approach for regular and effective involvement at national, regional and local level to review the continuous development, deployment and progress of WCM. Royal Mail will ensure that WCM becomes a core agenda item in the new strategic involvement forums. Royal Mail will also ensure that the CWU have access to the relevant senior project managers. The relevant local representative will be involved in work area activity.

Any issues affecting national agreements, and employee terms and conditions will be the subject of normal negotiation procedures.

Productivity

In common with all companies productivity is and will continue to be a feature of working life. Royal Mail and the CWU aspire to the company being an efficient and effective world class business with engaged and motivated staff. To achieve this it is essential that systems and processes are in place to help staff be as productive as possible.

There are a range of performance levels in Royal Mail across the country. Both parties recognise the need to fully understand the reasons why and take action to narrow this broad range.

Both parties accept that to underpin this action, employees, managers and union representatives need to fully appreciate the context in which the business operates and the challenges we face. In addition it is essential that measurement systems are fair, objective, equitable, fully understood and benchmarked on a like-for-like basis.

In line with the above-mentioned approach, we want to bring everybody's actual performance up to the level of the top 10 per cent performance consistent with good employment policy, appropriate equipment, safe working practices and consistent with national agreements. This will be achieved over the course of this agreement in line with any relevant functional sections in this agreement.

Safety

Safety is our number one priority. There is nothing more important than keeping our employees safe and engendering a safety culture at the very heart of everything we do. Royal Mail and the CWU commit themselves to continuous improvement on safety standards to drive accidents in this business as close to zero as is reasonably possible.

The Roll-Out of Walk Sequencing

Royal Mail has shared with CWU the phased roll-out programme of new walk sequencing machinery/technology. The programme is designed to conclude mid way through 2012. With full co-operation both parties will continue to take advantage of any opportunities to advance the programme.

National Generic Trial and Deployment Framework

Royal Mail and the CWU have agreed National Generic Trial and Deployment Frameworks covering the implementation of all new technology and automation. These are attached at Annex A and Annex B of this agreement.

Delivery Framework Agreement

Introduction and Key Objectives

Royal Mail and the CWU recognise that as the Mail market continues to evolve we are faced with significant challenges and opportunities. The mail market is changing, affecting the nature of the mail mix/traffic streams and their volumes, weight and size. New technology, automation and customer driven change are also collectively signalling the need for constructive change in the delivery operation if Royal Mail is to remain a sustainable and profitable company. Working together to transform the delivery operation at the same time as improving efficiency to deal with competition presents a key challenge for everyone. These same changes in the mail market are also creating commercial growth opportunities in packet volumes (fulfilment) through the growth in on-line shopping, advertising mail, unaddressed mail including D2D and international mail (as well as some more specialist services). Securing this growth is vital to the success of the business and providing a secure future for everyone working in it. Changes in the delivery operation will also be supported by major investment in new equipment and technology, providing an indication of the businesses ambition to succeed in a competitive market, and invest in its workforce. It is jointly accepted that the best way to deliver this change effectively is with the support of the workforce.

Delivering this change requires a radical transformation in delivery, which will include improving safety performance significantly through better equipment, workplace design and a culture of safety embedded in working practices. This will be underpinned by fair and transparent planning systems, processes and revision tools, ensuring that everyone has a productive workload that is safe, fair, and manageable, supported by improved tools for the job.

It means creating a fresh role for Delivery employees through the introduction of flexible working practices, improved attendance patterns (including fewer Saturdays), a better work-life balance, and by continuing to provide reasonable levels of take home pay.

Royal Mail and CWU are both fully committed to this transformation, and welcome the investment in employees, new technology and delivery equipment that will help modernise the role for people in delivery, motivating and equipping them to meet the challenges of the market head on. Creating an environment where all employees are well trained and supported, feel valued and motivated and are better equipped to carry out their role

To provide the necessary support throughout this transformation process both parties will jointly review and monitor deployment progress and work together to ensure that all learning points are picked up and shared on an area, regional and national basis as

revisions are rolled out, to provide support and guidance to locations as they move into revisions and ensure as far as possible a smooth transition as we continue to deploy change, sequencing revisions and the shorter working week.

Health and safety - working safely

Health & Safety and working safely in the delivery environment is of paramount importance to Royal Mail and CWU and remains the overriding factor in all that we do.

All employees have the right to work in a properly managed, safe and secure environment, and working safely is an essential foundation on which to build a sustainable delivery model. Royal Mail and CWU share a joint agenda and commitment to ensure that safety is at the forefront of everyone's thoughts and intentions at all times. Compliance with the spirit of and intent of the Royal Mail Group Safety Policy underpinned by the Royal Mail Letters Safety and Health Policy is recognised as the enabler to effective health and safety management, based on the Health & Safety Executive guidance.

People will be kept safe and secure through the introduction of and compliance with:-

- All health and safety legislation, and agreed safety standards and policies.
- Identifying the causes of stress - and working jointly to address them.
- Safe and Secure working environment (including risk assessment and the provision of information, training, instruction and supervision)
- Standardised walk logs containing easily identifiable information on hazards
- Everyone acting in a responsible manner
- Improved Workplace design
- Appropriate delivery equipment and tools for the job, including clothing
- Appropriate Delivery methods.
- Fatigue - Understanding, Identifying and tackling the causes of fatigue.
- Sharing and reviewing performance information to improve safety
- Appropriately scheduled meal breaks (consistent with relevant working time legislation)

Note: The above bullet points are NOT in any specific order

Work Measurement/Standards and Revision Tools

Planning for operational change in delivery units will be done using national planning and measurement systems, and revision tools to ensure that workload is assessed and applied accurately, is fair and manageable, and indoor processes and outdoor delivery routes are optimised, efficient and achievable – recognising any specific local issues that may need to be considered.

To ensure that any assumptions, parameters and inputs are consistent with the paragraph above – a series of structured workshops will be held with the CWU within 4 weeks of signing this agreement. The workshops will include appropriate scenario modelling and data validation, which will include testing areas of concern against a live environment to help clarify any specific issues that may need further investigation or understanding.

The aim of the workshops will be to provide confidence in and understanding of the planning and measurement systems and revision tools in use.

Key areas that will be covered as part of the workshops will include:

- Traffic recording
- Indoor workload tool (and associated issues)
- Pegasus and Georoute (and associated issues e.g. call rate)
- D2D (and associated issues e.g. call rate)

Ongoing maintenance and future developments of planning and measurement systems, and revision tools will involve the CWU through national consultation that will provide the opportunity for genuine input in advance of rollout – utilising workshops and meetings at the request of either party.

Door to Door

Royal Mail and CWU recognise that the unaddressed Door to Door market provides an opportunity to grow volume which will potentially help to protect jobs and bring additional revenue into the business. It will also provide some protection against future threats from by pass networks.

To make the most of this opportunity, and fulfil employee aspirations both parties accept that Royal Mail needs to be able to realistically compete by being flexible with its pricing, providing the best quality of service and being innovative with its product development.

In order to provide the foundation for this approach and ensure customer confidence in the core product, Door to Door will become a 52 weeks a year product. There will be no change to the current D2D workplan and all items will continue to be available for delivery from Monday onwards. Whilst the planned workload will be spread across the 6 days, delivery employees will have the ability to manage the delivery of the items themselves on the proviso that all items are delivered within the week and the delivery specification is not affected.

D2D traffic will be placed into measured workload both indoor and outdoor. This move into workload will require delivery duties to be adjusted and allowances to be made in order to provide sufficient time to 'prep' the items and deliver them. The appropriate delivery planning and measurement systems and revision tools (IWT, Pegasus Georoute etc) will need to be adjusted accordingly to bring this about. D2D will now need to be accounted for in the agreed Delivery Revision Process. This move will enable the quality of service associated with Door to Door to be driven to 100% - which is crucial to building customer confidence.

The growth ambitions for Door to Door will be managed responsibly, and will be supported in the medium term by the roll out of delivery methods across units nationwide.

In the interim to ensure that D2D workload is covered effectively in line with this agreement, and in advance of units realigning duties through full revision activity to take account of D2D, resourcing of hours associated with the workload linked to D2D will be dealt with through locally agreed interim arrangements and reviewed through the weekly resourcing meetings in all delivery units. To aid the transition, offices that have not deployed delivery methods revisions will have to provide genuine and demonstrable solutions to any weight or volumetric issues.

In addition to the above special attention will need to be given to Bank Holiday weeks through the weekly resourcing meetings, units will also need to have agreed contingency arrangements in place for late arrivals.

It is important that we create a positive culture that supports our joint growth ambitions. In future D2D will become the responsibility of the OPG performing the delivery route and as such treated exactly the same as all other traffic streams. Managers, CWU reps and employees will all play a part in driving up the perception, awareness and importance of the Door to Door product.

Furthermore it is equally important that the process of moving D2D to the delivery/prep frame needs to become more professional and reliable. Particular attention will need to be paid to the correct presentation of Door to Door material to each delivery route in line with other mail items/products.

The CWU will be involved in quarterly review meetings, which will provide an opportunity for the CWU and Royal Mail to review operational challenges, product developments, and work together to identify new products and further growth opportunities, including the potential for automation which will be driven by commercial viability linked to volume.

Both parties also recognise that in addition to growth in the core D2D product further commercial opportunities are likely to exist particularly for named/specific day(s) products and/or Saturdays which may provide Royal Mail with additional scope for increased revenue. In order to take advantage of any potential in this area any further commercial opportunities will remain subject to ongoing dialogue, joint monitoring and review and will also be discussed and agreed with the CWU nationally at the quarterly review meetings with a view to capturing any viable opportunities for the mutual benefit of Royal Mail and its employees and to also deal with any workload issues.

To coincide with the introduction of the national agreement unit payments will cease and the 3 items per week cap will be removed. D2D Monies will be turned into a delivery supplement paid 52 weeks a year for all delivery employees (OPG and ORR) pro rata for part time employees.

Delivery Methods

Royal Mail is making a large investment in new Delivery Methods. This creates an operational solution to secure growth in the market. It will also improve efficiency through reduced reliance on dedicated delivery support duties/activities (acceleration, replenishment and some packet/bulk deliveries).

This new investment is welcomed by Royal Mail and CWU – and represents a significant step forward in delivery. It underpins a number of long standing joint objectives, all of which form an integral part of Delivery Methods revisions:

- Improving safety in delivery.
- Improving customer service.
- Reducing the impact of weight on delivery.
- Providing capability and capacity on delivery routes for future packet growth.
- Providing modern and fit for purpose equipment for delivery people.

The Delivery Methods/equipment that currently fit into this category is:

- Lightweight Trolley (LWT)
- High Capacity Trolley (HCT)
- Electric High Capacity Trolley (EHCT)
- Motor Vehicles (CDV *,Panel Vans, Compact etc)
- Delivery pouch
- Cycles

The CWU will be fully involved in the development of all Delivery Methods equipment including SSOW prior to introduction into the operation. All Delivery Methods equipment will support the objectives of working safely, reducing fatigue and removing where possible weight off the shoulder. The overriding objective is to facilitate a safe, fair, manageable and productive workload.

The introduction of new delivery methods equipment will follow the agreed delivery revisions process and will need to take account of D2D.

Once assigned the use of equipment specified for the route will be mandatory.

Specific issues such as DDA cases will be examined and accommodated in line with relevant legislation.

All delivery revisions will be planned on the basis of no use of private cars. Private cars on delivery will cease upon the deployment of a Delivery Methods revision in a unit.

Individuals will always be trained on the correct use of equipment prior to use. This will also apply to the introduction of and best use of new technology on delivery routes e.g. PDA, Telemetry.

****Car Derived Vans (CDVs) / Shared Van delivery Routes***

Guidelines have been developed with input from the CWU and are available to support Managers and CWU reps with advice and direction during the planning and introduction of local delivery methods revisions. Any future updates to guidelines will be developed with input from the CWU prior to being issued.

Delivery Spans

Royal Mail and CWU agree that the length of the delivery span can be an enabler in bringing about mutual benefits. From now on, within the process of duty revision negotiations, spans must be looked at in the context of an enabler rather than a fixed amount of time to be aimed at.

In essence, the span will no longer be an objective in itself. Instead office revisions should look to define a set of revision objectives in line with the Delivery Revision Process and then negotiate and agree a duty span/structure that best meets these objectives, taking into account local factors and safety issues in route design.

This approach represents a fundamental change to the way delivery duties are constructed. Viewing spans as an enabler makes it essential that local negotiations reflect this step change and pay particular attention to the following factors when determining the length of delivery spans.

- Safety and security
- Delivery specification
- Full time jobs
- Optimised efficiency
- Delivery methods and tools (including protective clothing)
- Welfare facilities
- Weight and volumetric capacity (including D2D)
- Housing density and type e.g. stairs
- Terrain and equipment

Each delivery route should have an associated risk assessment.

Employees will have a range of abilities and capabilities and consideration should be given to individuals on this point in line with relevant legislation.

Delivery methods and equipment are key enablers to providing a span length which is realistic and achievable.

In units where agreement for change is required in advance of local deployment of the transformation project/delivery methods, consideration can be given to varying the span length provided that genuine and demonstrable solutions to weight and fatigue are introduced.

The Delivery Span is defined as the time between the first and last letter inclusive of all related tasks such as replenishment, welfare etc.

Attendance Patterns and Duty Structures

It is jointly recognised that the end product of duty revisions and their successful deployment are paramount to the success of this agreement, employee and customer satisfaction and the future success of Royal Mail. This will be achieved where duty structures and attendance patterns are innovative and meet the aspirations and needs of both employees and the company. Both parties accept that attendance patterns and duty structures must efficiently and cost effectively align hours to workload, meet the delivery specification and USO, and provide a real incentive for change. In addition to this both parties re-affirm their commitment to a maximum 5 day week attendance/duty pattern for all employees.

Whilst the emphasis will be on local parties to develop and agree duty structures and attendance patterns that meet the requirements above and remain consistent with all aspects of this agreement; a menu of options has been provided nationally to enable constructive, structured and progressive talks to take place locally that will assist in bringing this to fruition. Units are also encouraged to develop more innovative and imaginative attendance patterns fully utilising the available workload, and any options that deliver the requirements above and below.

Best practice in this area will be jointly discussed and shared at regional and national level and will be used as a source of information to assist others.

As part of the operational transformation the vast majority of full time delivery duties will start no later than 0700. The majority of delivery routes will be designed to start and finish at the workplace; however there will be some duties where it is more beneficial for both

parties to agree alternative arrangements. In addition pouching off arrangements will remain where it is practical and efficient to do so. Employees who wish to retain their current contracted hours will have the option to do so, however all employees will need to recognise that in order to provide innovative attendance patterns and duty structures they will need to embrace change which may mean an alteration to attendance times.

Delivery spans will be a key component of delivery duty structures and a pragmatic and flexible approach to this consistent with the sections of this agreement covering spans and delivery methods will be essential in securing attendances which meet the aspirations of employees and provides a reliable and consistent service to customers in line with the new workplan detailed in the generic section of this agreement. In addition to normal/traditional delivery duty structures there is scope for securing full-time working through the effective use of technology (units with CSS machines) and different methods of delivery for example linking business and residential deliveries, the introduction of new products and services (particularly in the fulfilment market), as well as through cross functional working e.g. collections.

Family friendly duties and attendance patterns including religious holidays and requirements for time off will also form part of local discussions at the weekly resourcing meetings and during the revisions process.

Saturday Attendances

In addition to the above it is jointly recognised that Saturday attendances and in particular the number of Saturdays worked require special attention in order to meet the aspirations of employees and the needs of the business.

In recognition of this Royal Mail and CWU commit to providing more Saturday off options as part of improved attendance patterns for delivery employees. We have jointly explored and identified a number of options/opportunities to maximise the number of Saturdays off.

Whilst the precise number of Saturdays off and the aspirations of employees will vary from unit to unit, both parties believe we can deliver cost effective and reliable options that will maximise the number of Saturdays off for those who wish them. Royal Mail and CWU commit to achieving at least 1 in 4 Saturdays off for the majority of employees (including reserves) during the roll out of the operational transformation programme. In some circumstances this may be exceeded utilising jointly identified options to provide 1 Saturday off in 2 or 3.

Progress on all the issues/objectives above will be jointly monitored and reviewed at national level on an ongoing basis.

Delivery Revisions Process

Both Royal Mail and CWU recognise that successful change needs full and meaningful involvement of all key parties. It is therefore critical that both local management and CWU are positively and actively involved in the revisions process right at the very start, throughout the planning, negotiation, implementation and review. As part of this involvement, input will be taken and ideas brought forward, and where appropriate implemented. Where ideas are not implemented – clear explanations of the reasons / rationale will be given supported by relevant information. To support this – the following involvement process will form a key part of the revisions process. Royal Mail and the CWU are committed to bringing this about and believe it is essential therefore that the following is put in place to underpin the process and improve working relationships:-

- Positive engagement between the CWU and Royal Mail and a firm commitment to appropriate negotiation, consultation and communication on all delivery revision issues.
 - Early CWU involvement at all levels
 - Joint training on the relevant parts of this agreement
 - CWU reps and Royal Mail managers playing an active part in any involvement process and the deployment of agreements.
 - CWU reps being able to play an active role in Work Time Listening and Learning sessions.
 - Appropriate release will be given to allow CWU reps to fulfil their role in the process and consult with members.
 - Royal Mail and the CWU commit to the sharing of all information/data.
1. Following the signing of this agreement the Delivery Revisions Guidelines will be reviewed with input from the CWU to ensure that it aligns to the objectives contained in this agreement. Updated guidelines will then be issued to all key stakeholders.
 2. Delivery revision guidelines will be shared in advance with the local CWU Representative and Manager at a local training workshop prior to the start of the revisions process. The CWU will be involved in working up the content of the workshop. Both parties will have the opportunity at the workshop to clarify any issues in advance and set out a timetable to complete each step of the process.
 3. It is recognised that some senior CWU representatives will need further up-skilling in order to effectively support, coach and mentor unit reps throughout the process. The approach for this will be developed as quickly as possible, with involvement from

the CWU and priority given to early deployment areas to allow reps to fully participate in line with this agreement.

4. To ensure ongoing and full involvement in the process, the local Manager and CWU representative will meet weekly as part of the planning, implementation and review process. Each meeting will be diarised at the start of the revisions process. Information and updates will be shared with the CWU Representative and Manager in advance of the meeting. Outputs, actions and relevant information will be shared with the colleagues in the delivery unit and displayed on a weekly basis.
5. In order to inform the revision discussions and provide a reference for employee aspirations, including options around Saturday attendances in line with the paragraph on attendances and duty structures an informal non binding preference exercise (provided nationally) will be carried out prior to the commencement of the 6 step revision process.

The following phases will take place with full and systematic involvement, including the sharing of all relevant information, with the CWU Representative at each step of the process.

Objectives, targets and plans

- The aim must be wherever possible to establish joint objectives and parameters.
- Current state is established including full and part time mix, the office turnover and identification of any 'leavers' prior to the target date for the revision should also take place at this stage.
- Initial planning work is carried out and the ground ahead is prepared taking full account of Saturday Options.

Foundations – data gathering & checking

- Key data including base data, overall traffic levels including D2D, and breakdown to delivery routes for the revision is gathered, checked and confirmed.
- Accuracy of the data to be reviewed before detailed duty changes developed.

Revise office deliveries

- Outdoor work is developed into a set of fair and equitable delivery duties.
- Local factors considered–e.g. one way streets
- Output of the phase is a new set of outdoor delivery blocks.

Agree the office duties

- All work undertaken by the delivery office (including travelling time. Replenishment and conveyance) is accounted for in a full set of duties.

- Modifications to indoor sorting and preparation workload are considered in this phase.
- Implication of changes, in terms of finances, manpower and resources, are understood.
- Reach local agreement in line with the IR Framework on new duty proposals

Deploy the new duties

- Pre-deployment tasks are undertaken including training requirements to prepare the office, staff, (including re-signs in line with the Way Forward Agreement), customers and other teams for the new duties and working arrangements.

Post- revision management

- Review of new duties and working arrangements after implementation.
- Potential tweaks to duties or allocation of resource to duties agreed and implemented as necessary.
- Reviews range from weekly, monthly and final PIR at 12 weeks.

National Mail Centre Rationalisation Framework Agreement

1. Introduction

Both parties accept that mail centres face considerable challenges from increasing competition, technological substitution (email etc), downstream access and by-pass and changing mail profiles; the combined effect of which is forecast to further reduce the overall volumes. The following framework will facilitate the transformation and provide the CWU with the opportunity to input into Royal Mail's plans, support and manage the implications in order to achieve an optimised mail centre network.

In view of the above, Royal Mail and the CWU recognise that a significant reduction in the current mail centre estate will result but the exact number and location will need detailed local examination in line with the framework agreement.

It is recognised when rationalisation of the mail centre network takes place in a cost-effective way that there will be a resultant reduction in jobs.

To respond successfully to the challenge we will need to ensure we have an infrastructure and network of offices that fully utilises and optimises their assets so they are sustainable in the long term.

2. Aims and objectives

- To maintain or improve quality of service to the customer in line with our service specification
- To ensure the mail centre network and infrastructure is robust
- To optimise the mail centre network by utilising the assets
- To ensure there is a meaningful consultation process at both national and local level that provides the opportunity to input and influence any proposed changes to the network so the views of representatives can be gained in order to inform any outcomes
- To take account of, manage and, wherever possible, mitigate the impact on employees from any changes
- To ensure the mail centre/processing network and employment opportunities of both full and part-time are sustainable in the long term

3. Success criteria

- That quality of service of traffic is maintained or improved
- That the performance of the mail centres have improved and they become more productive
- That employees' issues have been taken fully into consideration and dealt with in line with the appropriate national agreements, including any identified surplus
- That there has been the opportunity for full involvement of union representatives in developing, influencing and implementing any proposals for site closure
- That it helps produce a more robust mail centre network securing sustainable employment opportunities
- That all issues have been dealt with by both managers and CWU representatives at the appropriate level

4. Joint commitment

The impact of the rationalisation and improved cost-effectiveness of the mail centre network will result in a reduction in jobs and therefore, there is a joint commitment to the following:

- Early discussion on future mail centre reviews
- There will be active participation of managers and union representatives throughout with issues being dealt with at the appropriate level
- Project timetables must include sufficient time at all stages of the process to allow meaningful consultation, discussions and negotiations with the union to take place appropriately in line with this framework
- Ensuring employees' views and concerns are taken into account.
- A shared understanding of Royal Mail's overall mail centre strategy and as it develops
- A forecast timetable for all future mail centre network reviews/changes as it develops
- Where there is sensitive information that needs to remain in commercial confidence this will be explained at the time that it is shared and both parties undertake to abide by this protocol including where necessary signing a non-disclosure agreement

5. The National Processing Group (NPG)

A National Processing Group will be established which will meet on a regular basis and as a minimum quarterly. The group will include

Royal Mail - The Process Director and 2-3 Programme Managers

CWU - The Assistant Secretary Indoor and 2-3 Postal Executive members.

5.1 The role of the group will be:

- To ensure ongoing strategic involvement in mail centre transformation plans
- To provide the opportunity for the union to influence these plans/objectives from an informed position
- Base data on the current mail centres will be provided to facilitate the above and discussed at the first meeting of the NPG
- To ensure shared understanding of the overall processing strategy as it develops
- To discuss the forecast timetable for any proposed future mail centre network reviews/changes
- To guide these reviews/changes in line with the agreed process
- To update CWU on progress from regional reviews
- To clear any appropriate communications that need to be circulated from national level on the programme

5.2 Royal Mail is reviewing all of its mail centre estate. It is expected that the CWU nationally will receive three months' notice of any detailed review to be carried out and any proposal to be put forward. Exceptionally, however, there may be occasions when this cannot be fulfilled but consultation will still take place in line with the agreed process along with a full explanation.

5.3 Reviews will normally be carried out on a site or regional basis however they will still take into account the need to provide a robust overall national network and ensure there is no adverse impact on this requirement.

5.4 All reviews will be planned/progressed to ensure they align to the jointly-agreed aims and objectives contained in Paragraph 2.

5.5 Sufficient time will always be provided to carry out full consultation with the CWU but it is anticipated that regions should initially plan to conclude their reviews in three months.

6. Process at regional level

6.1 When Royal Mail has decided that a regional review will be undertaken at the outset, and before local communication, a meeting will take place between a nominated divisional representative and the mail centre manager (or regional process director in cases involving more than one site) to discuss the scope of the review.

- 6.2 The following information regarding the mail centres under review will be shared with the CWU as this becomes available and this will include:
- (a) geographically necessary to retain
 - (b) building capacity for extension
 - (c) capacity for reconfiguration of existing layout
 - (d) capacity available and ability to absorb traffic
 - (e) property details of any new- build mail centres
 - (f) maintenance costs
 - (g) offices where there is an operational need to do something
 - (h) where there is Developer interest
 - (i) local planning or compulsory purchase order preventing any immediate opportunities
 - (j) whether they are freehold or leasehold
 - (k) the current quality of service results
 - (l) the employee profile, which should include major changes taking place across all functions within the business and local employment levels
 - (m) forecast environmental impact
 - (n) detailed forecast financial costs and benefits
- 6.3 This data will enable the region to assess options and propose changes from an informed position in line with the aims and objectives.
- 6.4 The above information will also be shared with the NPG including the initial thoughts of the Manager responsible for the regional review regarding any options.
- 6.5 The NPG will discuss the suggestions put forward and regions will ensure arrangements are made for the initial ideas to be more widely communicated to the local parties (divisional/mail centre managers and representatives) for their input and comments/validation of the information/suggested alternatives. This further consultation will take place with the CWU to allow another opportunity to comment and input on the option(s) being considered.
- 6.6 The CWU will formally present (and submit in writing) any alternative option/s for consideration and the management team will fully evaluate and respond accordingly in writing to the CWU. These views will be taken into account when Royal Mail determines which option/s should be considered.

- 6.7 Royal Mail will give a formal proposal to progress the project/changes and further detailed work will take place by the regional project team and local area representatives to establish the final option/s and the timetable to complete the review.
- 6.8 The final option and the rationale will in the first instance be shared with the NPG.
- 6.9 Prior to any final decision and announcement being made it will be shared with the NPG and confirmation will be sought from both parties in the region that the review process and proposed deployment plan has been completed in line with the principles and terms of the framework.
- 6.10 The appropriate national communications will then be arranged in accordance with the nationally-agreed review/decision process flow chart in the attached Annex. In addition, appropriate communications regarding the announcement of the decision and proposed deployment plan where applicable will be prepared regionally for cascade to the offices/people affected.
- 6.11 Following the above decision being announced the CWU will accept the decision, jointly support the implementation and deal with the employee impact.

7. CWU involvement

- 7.1 Both parties accept it is essential there is joint involvement with all relevant information shared throughout the review process.
- 7.2 Representatives will also be given the facility time and the opportunity to draw up their own alternative ideas/options so they can be presented and given due consideration before any decisions are made.
- 7.3 The planning, introduction and any revised operational arrangements will be jointly monitored at mail centre, regional/divisional level. This information will be shared with the NPG to enable them to also review progress.

8. Employee impact/people issues

Where Royal Mail makes a decision to progress a change/s in respect of the mail centre network the discussions and negotiations regarding all aspects of the impact will be carried

out appropriately in line with current national agreements, the IR Framework and the following terms:

- no member of staff will be forced to buy down their hours/go part-time and no part-time employees will be forced to increase their contractual hours
- the aim will be to meet every individual's first preference wherever possible and offer suitable alternative jobs that take into account individuals' personal circumstances, including any additional travelling distances and time
- the business will seriously consider practicable opportunities to mitigate job losses in losing units in the short-term by sensible phasing of work and in the longer term by scoping work to retain where it is cost-effective and meets customer and operational needs. Consideration will also be given to the possibility of introducing new work
- the movement of workload will be based on operational needs including the ability of gaining offices to maintain quality of service. When moving workload, people issues will also be considered in line with the existing national policies and procedures including Managing The Surplus Framework (MTSF)
- in addition to the terms of MTSF, an outplacement support package (currently contained in Clear Choice) will be provided to help individuals so they can make realistic and appropriate choices for their future
- if there is no suitable public transport available (i.e. there is no convenient bus or rail link) consideration will be given to Royal Mail providing crew buses to assist employees who have made the choice to follow their work to another mail centre. If subsequently a crew bus is withdrawn, any employee using it will again be subject to the MTSF Managing the Surplus Process
- the relocation assistance in Paragraph 8 of Annex A of the Code of Practice for Managing Surpluses 2002 will be available

9. Communication

The following principles will be adhered to:

- opportunities for joint communications will be proactively identified and encouraged
- where joint communication is not practical, communications should still wherever possible be discussed prior to issue
- communications should be constructive and focus on the aim to create a secure future for Royal Mail and its employees
- both parties recognise that some information must remain in commercial confidence
- Royal Mail public relations and the CWU Communications department will normally respond to media interest nationally
- where the media contact is at local level a joint statement and/or media line should, wherever possible, be agreed by both parties

- if agreement cannot be reached, both parties will have respect for the other parties' point of view

10. Framework Application/Interpretation

Any issues regarding the application/interpretation of this agreement will be forwarded to national level for resolution to the lead negotiators of this agreement.

Review and decision process flow chart

Timeline Guide

- Regional manager/divisional rep discuss scope of review - 6.1
- ↓
- Data collection/share - 6.2 & 6.3
- ↓
- Initial thoughts regarding options - 6.4
- ↓
- Share ideas under consideration with local managers/representatives - 6.5
- (National comms)
- ↓
- Validation of options being considered and alternative suggestions - 6.5
- ↓
- Any alternative options from CWU formally put forward and responded to - 6.6

3 months

- Royal Mail to put forward a formal proposal, detailed validation and a timetable to complete the review to establish the preferred option/s - 6.7
- (National comms)
- ↓
- Further local consultation and final option with the rationale provided - 6.8
- ↓
- Final decision on option/communication and deployment plan - 6.9 & 6.10
- (National comms)

3 months

Logistics and Network Framework Agreement

Introduction

This document has been developed jointly between Royal Mail Logistics & Network and the CWU to articulate our joint vision to transform our approach to operational efficiency, customer focus, competitive awareness, relationships, involvement and the development of a mutual interest culture.

This commitment is very important as it reflects our ongoing common objectives and sense of purpose, and offers clear recognition that the relationship between Royal Mail Logistics & Network and the CWU will be a key factor in the contribution that Network can make to the future success of Royal Mail.

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 promote constructive industrial relations

It is extremely important that we all keep progressing to new levels of company performance, working relationships and rewarding employment. We believe that this is best done by strengthening the strategic partnership approach between Royal Mail and the CWU through the sharing of ideas to develop consensus solutions to our challenges.

In an increasingly competitive world the pressure to achieve business success at pace is ever greater and the need for effective industrial relations is critical, as adversarial relationships damage the interests of both the company and employees. Against that backdrop this agreement provides for regular strategic dialogue between management and the union. We will jointly develop and deploy effective and responsive processes on the issues affecting the business.

Both parties believe this approach will improve understanding and lead to more effective ways of joint working at all levels.

The joint aim is to put in place a framework whereby the CWU has the opportunity to actively contribute to the success of the business by allowing for its views and perspectives to be meaningfully taken into account before decisions about the future are finalised.

Transforming the operation

The Network function is the glue that holds the whole Royal Mail operation and its product offerings together and needs to be reliable, economic, efficient, flexible, transparent and on time every time.

The following initiatives will be deployed as part of this agreement in line with the process described in this agreement.

RDC network

Royal Mail Logistics and Network's vision for the transformation of RDCs is a fully automated, clean and safe working environment with all mail presented in trays and Yorks. The ambition is to offer capacity for bulk packets and new products, and be the biggest fulfilment provider by broadening the tracked competitive offering, win a greater market share and grow volumes and revenue.

The transformation for employees will be an up-skilling from manual processing operators to machine operators trained to have an understanding of production control techniques and how to use data to improve the operation.

While the ideal vision would be for a new network of purpose-built, geographically located sites, the practical way forward may be a combination of new sites and upgraded existing ones. Royal Mail Logistics and Network will look to fully utilise and realise the potential of its existing sites. However, both Royal Mail and the CWU recognise that the combined factors of competition, a new mail centre network, automation, improved efficiency and fluctuating traffic levels, will provide potential business opportunities for economies of scale. This will result in a significant reduction in the number of RDCs over next three years through mergers or new builds.

The factors that will influence the number of RDCs (VOCs, network hubs etc) are:

- mailsort – market volumes, customer profiles, potential changes to outward and inward processes, new product design
- automation – size, type, capability and new machinery
- mail centre strategy – location and number of mail centres
- cross docking – the volumes and type of mail to be cross docked
- packet strategy – how best to manage increasing volumes and new product development
- fleet profile – the continuing development of our fleet profile to meet the requirements of internal and external customers

- employee factors - compatibility with employee commitments to job security, earning aspirations and surpluses in line with existing agreements

When a proposal is developed to merge or close an RDC, then the proposal will be progressed in line with this agreement.

Vehicle operating centre network and network hubs

The vision for the national network is to provide a robust and reliable service which has an ambition to facilitate the development of new products and services and growth of existing core products in line with the spirit and intent of this agreement and the Professional Drivers Agreement (PDA).

The business plans to make use of evolving technology to ensure that the customer experience is measured and Network performance is analysed and improved by building real-time data into our network planning cycle.

Against that backdrop, any changes to the network of VOCs and hubs, including new units/hubs, site rationalisation, closure or change of role will be progressed in line with this agreement. The factors which will influence the changes are those detailed in the RDC network section of this agreement. A significant change in product offering and work demographic is anticipated over the next three years which is why business transformation is so key.

In regard to technological advances and more precise information, the commitment is to develop and utilise such data to improve safety, quality of service, efficiency, reduce driver stress and improve driver comfort. Such matters will be researched and developed in line with the joint problem solving approach adopted for DMS, and progressed in line with the Professional Drivers Agreement (PDA).

Network distribution reviews

The CWU recognises the scale of transformation and rationalisation in the network of mail centres, RDCs and delivery units will require the national distribution network to be under constant review. An annual national network review will be carried out each summer. In between, there may be a requirement for regional reviews to take place to align the network to any regional changes. In all cases the CWU will be consulted and involved at the earliest opportunity on the development of the scope, aspiration and rationale. The process of consultation will be concluded prior to national/regional joint briefings to launch the initiative. Existing agreements and processes will apply to ensure plans are deployed with pace.

RDC automation

A programme of RDC automation is under way and will continue to be rolled out during the course of this agreement to deliver improved performance and efficiency. The deployment of this technology will facilitate an improved, safer working environment as well as enable the deployment of solutions to grow new products and services. This phased programme is an integral part of business transformation and will be deployed through the consultation process described in this agreement.

Where applicable, Total Productive Maintenance (TPM) allowances will be paid to operatives who undertake the prerequisite activities on technologically advanced automation in line with the existing TPM agreement.

MVOS

Mails Verification on Site (MVOS) is a product offering which has been developed as a direct competitive response to the reality that customers have a choice of postal providers as a consequence of downstream access and liberalisation.

Royal Mail Logistics and the CWU have jointly recognised in this agreement the need to innovate new products and services beyond the traditional core. Against that backdrop, MVOS is considered to be totally consistent with the benefits of a product offering that improves business efficiency, maximises profitable revenue and provides an end-to-end range of postal and distribution services.

As part of transforming our commercial offering, MV employees will be located at customer premises to provide a range of operational services to secure and improve the overall service provided by Royal Mail. This will include standards of mail presentation, mails verification and customer compliance issues.

When a customer has expressed an interest in developing a proposition for the MVOS service, local consultation will begin at the earliest opportunity to identify issues or concerns.

Employees working on customer premises will continue to be fully briefed on matters relating to their parent unit including vacancies, development opportunities and Royal Mail in general. This communication will be provided by a designated line manager at their existing parent office.

Recruitment to an MVOS position will, in the first instance, be from volunteers in the MV section of the Royal Mail unit designated as the 'parent unit'. Under normal circumstances

this will be the RDC, except where, geographically, the parent unit would be considered an unreasonable distance from the MVOS customers' premises. Where this is the case recruitment to the MVOS duty will be from the nearest Royal Mail locality.

Travel to the customer's premises will be on Excess Travel Expenses (ETE) terms, as set out in the MTSF agreement.

The bonus scheme operating at the parent unit will continue to be paid to MVOS based employees. Where additional earning opportunities are not available at the MV site then MVOS employees will be given equal access to overtime and scheduled attendance in line with normal operating arrangements in place at their parent unit. Travel between the parent unit and MVOS location to perform overtime or scheduled attendance will be unpaid.

To ensure adequate coverage exists for MVOS duties at times of annual and sick leave, a locally agreed reserve list for MVOS duties will be established. The number of reserves required will be agreed and trained locally.

In the event a customer gives notice to withdraw from MVOS, and in line with the contractual terms and conditions, the employees will return to their parent unit. If necessary, MTSF will be used to manage any resultant surplus.

MVOS duties will generally be remote from direct supervision and the employee will be required to work with customers on a range of issues. Where appropriate, and depending on the nature of the role and complexity of the customer issues, a leadership allowance payment may be applicable in line with existing policies.

The CWU may have access to customer premises when requested, in order to interface with Royal Mail employees CWU members or consider any health and safety issue as appropriate (by prior arrangement with the customer and Royal Mail).

MVOS duties will be considered 'Specialist Roles' in line with the Way Forward agreement and will be resourced using the specialist resourcing procedure.

RDC performance

Current productivity arrangements for RDCs are covered by the National Interim Indoor Productivity Scheme which is not based on objective measurement with regard to working methods and performance expectation. Both parties agree that the existing RDC interim productivity scheme needs to be reviewed and updated.

The methodology of the review and the size and attendees of the review group will be determined by the National Network Steering Group (NNSG) and the process used will be the ACAS joint guide to problem solving.

At the conclusion of the review, the NNSG will analyse the findings and determine next steps prior to the use of any data or progressing of potential/changes to approach that may be recommended.

It is also agreed that such an exercise would, once concluded, ensure CWU representatives are trained in the techniques to be applied.

Progressive agenda

The agreement made between Royal Mail and the CWU on 5 November 2009 carried a commitment that the Network section of any final agreement would determine a progressive agenda of issues for further discussion.

Both parties agree that there is a requirement for ongoing discussions in Network in relation to transformation as some elements are still at the design stage. Discussions in this respect and on any major initiatives/programmes not covered by this agreement will take place and will cover all aspects of the change including terms and conditions and reward. This approach forms an integral part of any ongoing dialogue on the 'Progressive Agenda'.

These issues will be progressed in line with the "Engagement Development & Planning" section of this agreement and the ACAS Joint Guide to problem solving.

The issues currently known are:

- Efficient alignment of resource to the plan
- Efficient non core resourcing
- Legislative change to vehicle dimensions
- RDC revision planning
- RDC diversions arrangements
- Revitalising PDA
- Driver meal break arrangements i.e. paid and unpaid
- Attendance on bank holiday arrangements etc.

Engagement, development and planning

This agreement builds upon the foundations of a joint commitment to forge positive and constructive working relationships between Royal Mail Logistics and Network and the CWU which promotes strategic involvement at all levels. This foundation allows for genuine CWU input into the formulation of Royal Mail policy prior to decisions being finalised, in order to take account of both business and employee needs. This process should take into consideration the speed at which the business may have to operate in a changing environment and the need for all parties to respond speedily to each other's legitimate interests.

Both parties have successfully deployed the use of strand and working group activity in the past as a prelude to formal negotiation. Currently we have joint working groups working on the evolution of a number of LGV driver-related issues.

Future research and development initiatives shall be driven by a National Network Steering Group (NNSG). This strategic group will comprise of the Logistics Director and the CWU National Officer and their respective support teams. It shall meet as a minimum four times a year and as required depending on the need to meet.

The role of the group will be to:

- ensure the ongoing strategic involvement in Network and Logistics
- provide the opportunity for the union to influence plans from an informed position
- ensure shared understanding of the overall Logistics/Network strategy as it develops
- discuss the forecast timetable for any proposed future Network hub/unit review/changes
- guide these reviews/changes in line with agreed processes
- clear any appropriate communications that need to be circulated from national level on the programme
- sponsor the work of Network Working Groups (NWGs) that can investigate and review specific issues or areas of concern as identified by Royal Mail or CWU as appropriate

Network Working Groups (NWGs) will be used for the development of ideas and initiatives for Network RDCs & Hubs and LGV driving issues. The groups will be project driven from the National Network Steering Group (NNSG) which will determine the number and size of each working group required.

The Network Working Groups are a key expression of joint business and CWU strategic involvement activity. They facilitate the notion of moving at pace with understanding and enable a more detailed analysis of project development. They work under the guidance of and report back to the National Network Steering Group, and are designed to engage many more people in reviewing and developing together business plans and projects along with employee aspirations.

The NWGs are not negotiation forums and do not replace collective bargaining or the existing IR Framework, but they will serve to focus the key personnel in both organisations on the key challenges the business faces. When any issues being discussed have reached the stage where they require formal negotiation they will then be forwarded to the respective leads for resolution.

Royal Mail commits to share with the groups all information which is influencing its thinking on potential projects and will involve the groups in all analysis, information gathering and project evolution activity. This will allow for a better understanding of the direction of the project which, in turn, will allow for a more informed exchange of views, consultation and, at the appropriate time, negotiation. The full value of CWU operational experience should be taken into account and Royal Mail will allow the CWU every opportunity to input and influence project development prior to the business finalising any decision and the start of negotiations. Commercially sensitive information given to the CWU representatives will not be shared with employees or third parties.

Cross business issues

Where any issue being discussed would impact on any other function outside Royal Mail Logistics and Network then the process will ensure consultation must take place with both management and the CWU in those other functions.

Deployment

This generic framework is intended to be the standard point of reference for dealing with all change activity affecting Network professional drivers, Network hubs and Network RDCs.

It is recognised this fresh approach to developing a new culture will only be successful by both parties genuinely working together in line with all agreements.

The requirements for positive deployment are:

- effective consultation/negotiation between Royal Mail, representatives and employees/members on the changes to be deployed
- Royal Mail and CWU understanding the need to recognise both parties' strategic goals and work together to ensure the right solution is quickly and effectively implemented
- the spirit and intent of this agreement is deployment at pace to ensure the business continues to be in a strong commercial position in the marketplace
- employees affected by any changes feel any views and concerns they have expressed have been considered and taken into account and that issues of security of jobs and earnings have been addressed
- all new working arrangements/equipment have been risked assessed and agreed safe systems of work are in place
- appropriate training is provided
- any requirement for transitional arrangements are identified
- The deployment programme scheduled is achievable and has no unreasonable adverse effect on quality of service and/or health and safety and/or security standards
- processes detailed in this agreement hold both parties to high standards with regard to involvement, relationships and trust. Meeting these standards will develop mutual confidence that the resulting decisions will address all the issues. Against that backdrop, once consultation on changes is satisfactorily completed both parties will work together to implement the changes at pace

To ensure effective project implementation, detailed discussions will take place at national level on the deployment objectives of any agreed change. Information will be provided on all of the key benefits.

Following this, local deployment will be discussed at unit level prior to implementation to take account of any possible concerns, risks or difficulties. The introduction of any revised duty/attendance arrangements will be negotiated in line with the IR Framework.

It is agreed that such initiatives require a high degree of commitment and participation, if the changes are to be delivered smoothly, on time and morale is to be maintained. Therefore regular communication, both joint and separate, to employees and CWU members is considered another crucial factor in such an initiative. Joint communications should be agreed and carried out jointly where appropriate. In respect of separate communication, it is accepted that for the CWU to operate effectively and democratically it needs the active participation of its members. Reasonable time during working hours will be provided for CWU members to be adequately updated, discuss progress and ratify

proposals. Such meetings should only be held with the express agreement from management in regard to the appropriate time for such meetings to take place, with both parties ensuring the safeguard of customer service and a mutually convenient time which minimises any effect on the operation.

To ensure any unforeseen employee concerns are also resolved as quickly as possible local parties will meet regularly to monitor and review deployment arrangements.

Where there are points of clarification or interpretation required regarding deployment these should also be dealt with speedily at national level.

Engineering Transformation

Royal Mail's investment in new equipment and technology is a fundamental part of transforming the operation. Whilst the introduction of new technology, the process of efficiency improvement and rationalisation will reduce traditional engineering workload, Royal Mail reaffirms the role that a highly skilled, flexible and professional engineering workforce will play in effecting the wider business transformation and is committed to an in-house workforce consistently delivering world class service and performance.

Ways of Working

Workload Measurement

In line with Phase 3 of the 2007 Pay & Modernisation Agreement, engineering workload will be derived on a geographical basis agreed between Royal Mail and CWU at regional level, to enable effective engineering support to be provided for sequential sorters, RDC automation and other equipment sited remotely from Mail Centres.

A revised engineering workload measurement system has been developed and agreed between Royal Mail and CWU which recognises the need to provide central direction but allows the regions the flexibility to determine the specific priorities which they need to focus upon.

Workload will come under two main headings:

- **Machine Maintenance....** Preventative and corrective Maintenance requirements based on OEM and checked against data arising from actual experience. This will be produced and updated centrally, in consultation with CWU.
- **Performance Maintenance....** Time for all other supporting activity defined as locally flexible time, will be derived by applying a formula to the machine preventative and corrective maintenance time. For the period of the transformation to take account of the demands associated with the training and development programme and the need to drive performance improvement this will be set at 35%. Going forward, this element will be locally flexible, but with an anticipated reduction of around 10%. The workload system will be the subject of regular joint review and the ongoing performance maintenance element of workload will be verified during the transformational programme.

Compliance to standards

There are statutory requirements to capture both information on machine maintenance and the value of stock held and used by the business. The full use of SAP SDMM or other data capture systems used for this purpose is mandatory and the SAP SDMM Agreement is therefore amended.

Engineering Team Coach

A new grade of Engineering Team Coach will be introduced in Mail Centres with three or more engineers on shift, to provide technical leadership and direction for the maintenance team whilst on shift, and to deliver local technical training to support engineers' development in the work place. The Engineering Team Coach will directly align with the Operation on a static shift reporting into the Shift Manager as a key member of their shift team.

The job will incorporate current MTSL responsibilities together with the coaching role. It will require a high level of technical competence and coaching skills and will be appropriately accredited. Appointment will be via an assessment centre. Pay rates will be as follows:

Engineering Coach night	£42,000
" " late	£39,000
" " early	£35,422

The current MTSL role will cease on the local introduction of the new grade. Former MTSLs will remain part of the Engineering Shift Team and will retain S7 pay under MTSF terms.

Maintenance of Equipment Outside the Mail Centre

In line with Phase 3 of the 2007 Pay & Modernisation Agreement, engineers will be required to maintain equipment located outside their parent Mail Centre within a locally agreed geographical range.

The engineering workload including travel to the remote location will be calculated as identified in this agreement and included in the normal shift attendance. A Royal Mail vehicle will be provided for this purpose and the business policy for driving the vehicle will be applied.

Where business standards on travel & subsistence are met an individual may elect to use their own private vehicle on either their way into, or home from work. In this case the working day will commence or cease from the remote location. If additional work hours or travelling time is incurred, this will be reimbursed inline with standard business policy including overtime and travel time payments where applicable.

It is recognised that some existing engineering staff do not currently hold a full driving licence and in this instance provision for transportation will be made locally as applicable. A full driving licence will be a requirement for anyone new into an engineering role.

Appropriate provision will also be considered in circumstances where an individual is no longer fit or able to drive to a remote location.

In the event that a Mail Centre is closed adequate engineering cover can be provided through local agreement.

Technical Operator

Locating CSS machines outside Mail Centres challenges our ability to achieve the performance and reliability necessary to successfully deliver this transformational programme. Some technical intervention affecting this may require only a very basic level of technical competency.

Royal Mail and the CWU will agree a full list of tasks that may be safely undertaken on a “first look” response basis, using agreed tools, with an agreed level of remuneration. This will be trialled in sample MPUs and jointly evaluated. Once it has been agreed that the success criteria have been met, the outcome of the trial will inform national consultation on the basis of rollout to all MPUs.

Development

Training and Professional Development

Royal Mail is committed to developing a world class engineering workforce and it is therefore an essential requirement that all engineers maintain the skills and qualifications appropriate to the needs of the business and the automation equipment used in the operation. Royal Mail and the CWU reaffirm their commitment to continual professional development, which will be re-launched in a more systematic way as a result of this agreement. Royal Mail and the CWU will agree the details of a review of training and development needs against current job descriptions and core competency criteria within the P&MC agreement. Royal Mail will ensure sufficient resource is available for the review to be

complete within 3 months. The output of this review will be used by the Region to produce an individually tailored development programme which every individual will commit to complete with support from the local office and Regional Maintenance organisation. The completed review will also be used by Royal Mail's professional partner "The Institute of Engineering and Technology" as their entry requirement to the institute resulting in all engineers being awarded membership of the institute. This will introduce engineers to the use and benefits of the institute and encourage further development towards achieving full registration with the Engineering Council supported and funded by Royal Mail. Anyone new into any engineering role will be expected to be registered or working towards registration with the Engineering Council to be completed within a timescale agreed at appointment.

Individual engineers will have responsibility for ensuring their involvement in any agreed development activity and Royal Mail will have equal responsibility to ensure adequate time and resources are provided.

Royal Mail will commit to continuing the support and financial costs associated with maintaining the registered status for all those who continue to maintain their knowledge and skills with the IET's Continual Professional Development.

Time will be identified in the new workload calculator to support achievement of the development plan.

Training

In support of the requirement for a professionally registered engineering workforce Royal Mail commits to provide timely and appropriate training, support and coaching on the basis of both locally and residentially derived training courses. All courses will be nationally accredited or machine type specific and will include a certified standard.

Apprenticeship

Royal Mail is committed to implementing a new modern engineering apprenticeship scheme for which recruitment will commence in 2010. The scheme will be developed in consultation with CWU by the end of April 2010. Opportunities will also be made available for internal mature candidates to ensure we have a world class engineering workforce going forward.

HWDC

The training, professional development and compliance to standards paragraphs of this agreement will apply to Engineers based at HWDC. A similar review of workload will be undertaken and the implementation of a revised rota and any efficiency benefits will be complete during 2010/11

Fleet & Maintenance Services Transformation

- To ensure Fleet & Maintenance Services (F&MS) is in the best possible state to fulfill the requirements of the business challenges ahead, a wide ranging review of organisation and ways of working will be undertaken to ensure we have a world class upper decile benchmark operation; providing the best and most efficient vehicle maintenance operation possible.
- It is agreed that Logistics management and the CWU will engage in full, active and constructive consultations and negotiations, with a joint objective of deploying changes on a phased basis. Piloting of new approaches will begin in workshops no later than April 2010 and implementation of the outputs will be completed, at pace, no later than March 2012. This review and the subsequent changes will cover every aspect of the way we do things.
- Garage network operating model. The overall operating model for the garage network will be reviewed to ensure it is properly aligned to the needs of the RMG business operations while optimising efficiencies through improvements to production planning, control and management. This will include a 'root and branch' review of:
 - workshop capacity and utilisation – including the size and mix of workshops, working practices within workshops, and how efficiency can be improved with the introduction of enhanced production planning, control and management approaches
 - shift patterns and duty content – including how best to provide 24/7 support to the operation
 - the expanded role of Customer Service Vehicles (CSVs) in the operating model; including opportunities to enhance the role of CSVs to provide first response, first fix, breakdown and recovery services
 - pay and reward including working time, the bonus scheme, pay, allowances and overtime
 - the role of third party contractors in support of the operation will also be reviewed; this will include the potential for in sourcing work and/or subcontracting where it is more economical or operationally efficient to do so

- garage network rationalisation. Both Royal Mail and CWU recognise and agree that every unit will be objectively evaluated to determine effectiveness in delivering service to the business in line with the newly defined garage network operating model. This is expected to result in a significant number of unit closures. The rationalisation programme, as described within this agreement, will be deployed through the framework for the deployment of change outlined below
- performance management and productivity. A review of how we manage the performance of workshops to ensure good performance is recognised and under performance is resolved

Framework for the deployment of change

All change proposals affecting employees, whether resulting from the garage network review project or a local change proposal will be subject to timely communication and sharing of the information with the CWU at the appropriate level. Royal Mail will undertake to advise the CWU of all change proposals as quickly as possible and to meet with CWU representatives at the appropriate level as soon as possible thereafter.

Changes emanating from the garage network review project, particularly where there are implications for more than one unit, will be the subject of consultation between senior F&MS management and national CWU representatives. Locally driven change proposals will be dealt with as business as usual and in line with the IR Framework; through engagement and consultation at unit manager and unit representative level in the first instance.

Supporting data and information underpinning change proposals will be fully shared, in a timely manner, with the appropriate CWU representatives, to enable the CWU to input and present any alternative options. Consultation and involvement requires discussion between F&MS and the CWU to fully explain proposals and explore any differences that may exist. It is recognised that information shared may contain confidential and commercially sensitive information and both parties will respect the sensitivity of data and information, and treat it accordingly.

Any proposals put forward by one party should always be considered in a timely manner by the other. Proposals should never be rejected out of hand or delayed without justification. In all cases where they are not acceptable a reasoned response should be made.

In line with the IR Framework, it should be the objective of both parties to reach agreement without undue delay and in order to avoid any subsequent misunderstanding as to the

terms of an agreement, these should be set down in a written form which is as clear, simple and concise as possible and both parties should sign and date the document.

Following the conclusion of the consultation process, both parties will accept and support implementation. F&MS and the CWU are committed to making every effort to provide continued effective employment for CWU represented employees. The agreed Managing the Surplus Framework (MTSF) will continue to be used for the management of potential or actual staff surpluses.

Given the scale of change envisaged and the requirement for both parties to be actively involved and engaged in the transformational activity, senior F&MS and national CWU officers will undertake to meet on a monthly basis to review progress.

Minor repairs and telemetry

Minor repairs

Drivers will be required to undertake vehicle checks in accordance with Royal Mail standards and, where practical, assist in identifying solutions to resolve issues arising to ensure that the mail is moved safely and legally.

Drivers will also be required to carry out minor vehicle repairs/maintenance tasks where necessary which are jointly agreed as suitable for a trained driver to carry out (e.g. replace bulbs, top up fluids/oil/water, replace wiper blades, change wheels). This should be carried out wherever possible within duty time, including time allocated to complete vehicle checks. However, it is recognised that some minor repairs will require additional time.

Driver training and the practical application of minor repairs will be introduced for the entire Royal Mail vehicle fleet in line with the principles contained in our agreed process: The Performance of minor repairs by network professional LGV drivers.

Telemetry

Building on our existing agreements, Royal Mail and the CWU recognise the need to jointly develop further and embrace industry best practice guidelines in the use of telemetry to ensure our operations are flexible, efficient and cost effective.

To encourage confidence and eliminate concern regarding the use of telemetry data, it is agreed information gathered will be used to debrief drivers and identify development needs. The information from telemetry will not be used for disciplinary purposes, except in the rare event that the information is considered to be connected to any serious and/or repeated

procedural/ performance failure of negligence, in accordance with the jointly agreed Conduct Code. Both parties are committed to reviewing and issuing more detailed guidelines on the use of telemetry data.

Both parties agree to review and ensure the Road Traffic Accident Procedure is fit for purpose in that it is supportive of improving driving standards keeping occupational 'drivers driving' within the increasingly competitive environment in which Royal Mail operates.

As part of our joint commitment to reduce accidents, Royal Mail and the CWU will work jointly in support of a Zero Accident Programme (ZAP) which will seek to reduce occupational road risk through improvement in drivers, awareness, skills and knowledge. Additionally, Royal Mail and the CWU are committed to explore and scope the creation of a 'Driver Coach' role, as part of the commitment to reduce accidents and improve the overall quality of driving within Royal Mail.

Manual Data Entry Centres (MDECs) Rationalisation Agreement

1. Introduction

With the technical advances that have been made in the Address Interpretation (AI) Programme, a review will be undertaken under the banner of Tech Refresh. The review will also consider the associated technology due to be deployed within the mail centre network, the fall in mail volumes and the future requirements of the current MDEC network at Plymouth, Stockport and Stoke.

2. Aims and objectives

- to ensure the MDEC network and infrastructure is robust
- quality of service is maintained or improved
- to ensure there is a meaningful consultation process at all levels that provides the opportunity to input and influence any proposed changes so views of representatives can be gained in order to inform outcomes
- mitigate the impact on employees from the changes and ensure employees issues have been fully taken into consideration and dealt with in line with the appropriate national agreements
- any potential surplus will be dealt with in line with the MTSF
- the project timetable will include sufficient time at all stages of the process to allow meaningful discussions and relevant negotiations with the union to take place in line with the IR Framework

3. Strategic involvement

National Strategic Involvement (NSI) meetings will continue to take place on a regular basis and as a minimum quarterly to ensure any developments are shared at the earliest possible stage.

The role of the NSI meeting will be:

- To ensure ongoing strategic involvement with any potential impact from the changes

- To discuss the timetable for any proposed changes
- To support the units involved in line with the agreed process
- To clear any appropriate communications to be circulated from national level on proposed changes

Strategic involvement meetings below national level will continue to meet four times a year to provide information and to provide the opportunity for local representatives to discuss, input and influence any proposed changes.

4. Employee impact/people issues

- no member of staff will be forced to buy down their hours/go part-time and no part-time employees will be forced to increase their contractual hours
- the aim will be to meet every individual's first preference wherever possible and offer suitable alternative jobs that take into account individuals' personal circumstances. To assist this aim, all MDEC employees will be given the opportunity to complete a non-binding preference exercise to provide information that can establish an initial manpower plan
- in addition to the terms of MTSF, an outplacement support package (currently contained in Clear Choice) will be provided to help individuals so that they can make realistic and appropriate choices for their future
- MDEC employees wishing to remain within Royal Mail and opt to regrade due to no key work being available will have the opportunity to receive OPG training in advance of any potential closure where vacancies can be accommodated by Royal Mail
- whilst the review is taking place, CWU represented grade vacancies within the area of the three MDEC sites will be filled on a temporary basis where this will assist to provide job opportunities for those MDEC employees affected
- relocation assistance in paragraph 8 of Annex A of the code of practice for managing surpluses 2002 will be available

5. Framework Application

Any issues regarding the application/interpretation of this Agreement will be forwarded for resolution to the lead negotiators of this Agreement.

Reward

Royal Mail and CWU recognise that a key part of business transformation is our commitment to provide on-going improvements to employee terms and conditions alongside changes in working practices and reflecting the success of the company.

The parties have negotiated an improved package which takes into account the following:

- That the affordability of the package should fairly reflect the scale of change and cost reduction associated with transformation and the challenging environment the business now operates within.
- Recognition that the new reward package should be linked to both the delivery of change and the impact of change on different groups of employees.
- Recognition that current Door to Door delivery and payment arrangements do not support the urgent need to drive growth in this market, protect long term employment and tackle overall volume decline.
- The need to balance a desire for long term stability with the safeguards both parties require should the external environment impact on the business in either a more positive or negative way than currently anticipated.

To provide the right environment to focus on the transformation we have reached an agreement covering a 3 year period from April 2010 to the 31st March 2013. The following reward package covers employees in CWU represented grades in Royal Mail Letters Operations, Logistics and Network, Engineers, Fleet Maintenance Services, Royal Mail International.

The reward package centres on the following areas:

Shorter Working Week

In order to share the benefits of new machinery/technology, support manageable workload and help protect jobs, the overall weekly working hours for the grades covered by this agreement will be reduced by one hour per week. This will be phased in line with the transformation plan and will be implemented locally as part of major revision activity or equivalent functional milestones. Opportunities for increased productivity will be addressed as part of the revision activity.

Guidelines will be issued to assist the local parties implement the shorter working week. Part-time employees will benefit through an increased hourly rate.

For employees in Engineering, Mail Screeners, Area Professional Drivers and Network Professional Driver grade the shorter working week will be taken exceptionally as a cash alternative. An increase in basic pensionable pay, allowances, London Pay Rate, overtime and SA rates of 2% will be paid, phased in the same manner and timescales as the introduction of the shorter working week.

Higher Basic Pay

Increases to basic pensionable pay flowing through to all allowances, London Pay Ranges, overtime and Scheduled Attendance will continue through the course of the agreement.

Family Friendly Policies

Royal Mail and CWU have agreed the need to move towards single status business wide family friendly policies. An increase is agreed in contractual maternity pay from 18 to 26 weeks and an increase in paternity pay from one to two weeks from 1st April 2010.

ColleagueShare/Lump Sums

As part of these negotiations Royal Mail and CWU have reviewed the ColleagueShare scheme. As a result the scheme has been enhanced in the following areas:

- The 2010 dividend payment linked to business results due to be announced in June has been brought forward and the dividend will now be paid on ratification of the agreement.
- The final instalment of ColleagueShares will be replaced for employees covered by this agreement, by lump sum payments including additional monies bringing the total to £1000 (pro rata for part time employees). These will be known as Transformation Lump Sums and payment is linked directly to key transformation milestones.

Additionally both parties recognise that ColleagueShares operates in a way that replaces our traditional approach to productivity and that only by reaching this agreement and working together to deliver transformation will the value of ColleagueShares be higher. The current value is £1.51 per share. They will be bought back by the company in two equal parts in 2011 and 2012.

Pay Simplification

Delivery

Given the challenges the business is facing, the current Door to Door payment arrangements do not support the need to drive growth in this market and we have undertaken a fundamental review of this area. We have also reviewed arrangements for early shift payments in delivery. It has been agreed to cease and incorporate the total value of these payments (£52m Door to Door, and £40m delivery early shift allowance and grandfather rights) into a new permanent (non-pensionable) supplement to basic pay. This is payable to all delivery office employees directly tagged to and working in the delivery function. The supplement will increase in value as agreed in basic pay rises. It will flow through in 2011 and 2012. It will be paid 52 weeks a year at the rate of £20.60 per week, pro rata for part time employees and applies to new entrants.

Individuals in receipt of pensionable allowances incorporated into this payment will retain full pensionability of those elements on a reserved rights basis.

Mail Centres, Collection Hubs and MDECs

A new (non pensionable) supplement to basic pay to all OPGs/OSGs in Mail Centres, OPGs/OSGs in Collection Hubs (who are not eligible to receive the Delivery Pay supplement) and Royal Mail CWU grades in MDECs pro rata for part-time employees. The supplement will increase in value as agreed in basic pay rises. It will flow through in 2011 and 2012. It will be paid 52 weeks a year at the rate of £8.00 per week and applies to new entrants. It replaces the first £8.00 of any PBS/ICS residual bonus payment in the Unit. In Units where the PBS/ICS payment is greater than £8.00, the amount over £8.00 will still be paid to existing recipients. Where the existing PBS/ICS payment is less than £8.00, the shortfall is funded on an ongoing basis by using the pool of money created by the former ESOS productivity scheme. The employees eligible for this pay supplement will also receive a one-off non-pensionable lump sum payment of £75 (pro rata for part-time employees) along with the first payment of the new supplement.

The above approach uses up the pool of money created by the former ESOS productivity scheme. Hence the ESOS scheme will cease to exist and will not accrue any future money.

Regional Distribution Centres

A new (non pensionable) supplement to basic pay to all OPGs in Regional Distribution Centres (pro rata for part time employees). The supplement will increase in value as agreed in basic pay rises. It will be paid 52 weeks a year at the rate of £11.00 per week and

applies to new entrants. It consolidates the equivalent value of current productivity payments.

Walk Bundling Centres

A new (non pensionable) supplement to basic pay to all OPGs in Walk Bundling Centres (pro rata for part time employees). The supplement will increase in value as agreed in basic pay rises. It will flow through in 2011 and 2012. It will be paid 52 weeks a year at the rate of £11.00 per week and applies to new entrants. It replaces the current Interim Agreement payment.

HWDC

A new (non-pensionable) supplement to basic pay for Royal Mail CWU grades at HWDC with the exception of Engineers (pro rata for part time employees). The supplement will increase in value as agreed with basic pay rises. It will flow through in 2011 and 2012. It will be paid 52 weeks a year at the rate of £20.00 per week and applies to new entrants. It replaces the current HWDC Flexibility Agreement. The flexibility terms agreed under the pay and modernisation agreement would in future apply to all OPG's at HWDC.

Both parties agree that there may be further opportunities for pay simplification. Accordingly, national officers and functional directors are given the remit to explore this area further on a cost neutral basis during the course of this agreement.

Payment of old legacy bonus scheme payments will not be made to employees recruited on or after 1st April 2010.

Additional Local Earnings Opportunities

Royal Mail and CWU agree that excessive amounts of overtime working are not conducive to an appropriate work/life balance. This has been recognised by prioritising higher basic pay over recent years.

Within this we also agree the importance of taking into account the aspirations and needs of individual employees for reasonable and regular additional earnings opportunities. As part of local revision activity the opportunity for Scheduled Attendance and overtime will be a key consideration. Such opportunities will need to reflect overall workload and meet service requirements. Local revision proposals should consider how innovative attendance patterns and the overall resourcing mix can be constructed to support different employee needs.

Approach to third year basic pay review

Both parties are approaching the future with a positive expectation that deployment of this agreement will ensure that transformation is delivered, leading to an improvement in company performance and a successful and sustainable future for the organisation.

Given this, there will be an increase in pensionable pay, overtime and allowances of 3.5%. This will be revisited if the average RPI for January to March 2012 is outside the expected range of 2%-3%.

Both parties also recognise that there is uncertainty in the commercial environment that may affect the business in either a positive or negative way. Against this background it is recognised that there should be flexibility to reopen this element of the agreement in response to unforeseen events which have a significant impact on the business and its employees.

Reward Summary

The following reward package covers CWU graded employees in Royal Mail Letters Operations, Logistics and Network, Engineers, Fleet Maintenance Services, Royal Mail International.

YEAR 1	YEAR 2	YEAR 3
<ul style="list-style-type: none"> • April 5th 2010 – 2% Increase to basic pensionable pay flowing through to all allowances London Pay Range, overtime and SA rates. • £400 lump sum (previously final ColleagueShares dividend) paid to all employees upon ratification of agreement. 	<ul style="list-style-type: none"> • April 2011 – 1.4% increase to basic pensionable pay flowing through to all allowances, London Pay Rate, overtime and SA rates. • ColleagueShares buy back 1 currently valued at £536 per employee. 	<ul style="list-style-type: none"> • April 2012 – 3.5% increase to basic pensionable pay flowing through to all allowances, London Pay Range, overtime and SA rates (re-opener clause). • ColleagueShares buy back 2 currently valued at £536 per employee.

- April 2010. For Delivery employees a £20.60 pw permanent supplement to basic pay (pro rata for part time employees).

Business Transformation 2010 and Beyond

- April 1st 2010. An increase in paid maternity leave from 18 weeks to 26 weeks and an increase in paid paternity leave from one week to two.
- Additional Transformation Lump Sums totalling £1000 for employees covered by this agreement (pro rata for part time employees). Annex C gives the detailed trigger points for implementation of the lump sums in each function.
- Shorter working week. One hour reduction for all employees linked to transformation and to be introduced as set out in Annex C of this agreement (for Engineering, Mail Screeners, Area Professional Drivers and the Professional Driver grade this is replaced by a 2% increase to basic pensionable pay, allowances, London Pay Rate, overtime and SA rates).

Deploying the Agreement

- Both the CWU and Royal Mail have decided that in order to implement this agreement, a completely fresh approach is needed to the deployment of workplace change. The new approach will build on the following principles:
- There will be jointly led area level meetings (functional) to ensure the local parties have a full understanding of all the relevant terms of the agreement. As part of deployment the local parties will work together and begin to embed the new relationship principles.
- In line with the functional agreements the local parties will be provided with greater support and access to any necessary expertise. The local parties are accountable for deploying the agreement in a way that focuses on reaching practical solutions to any deployment issues.
- Royal Mail managers (eg DSM/MCM) and CWU Representatives (Area level) are accountable for facilitating deployment on a consistent basis and will agree a structured meeting process to do this.
- Functional regional directors and CWU Divisional representatives will be accountable for monitoring progress and for ensuring that all units and functions are working together to achieve deployment within agreed timescales.
- The agreement will be consistently deployed at local level with continuity of service in a way that means managerial executive action and industrial action become unnecessary.
- Both parties are fully committed to all elements of this national agreement and neither will sanction any local negotiations which seek to change the principles or spirit of this agreement and/or make their deployment less effective and/or delay implementation.
- The Industrial Relations Framework will still apply but the focus will be on joint problem solving and working together to develop practical solutions at local level. The formal disagreement procedure will only be used as a very last resort.
- Issues should be resolved at the lowest possible level. If the Industrial Relations Framework procedure is utilised issues will be finally resolved at Regional/Divisional level.

- Only in the event that there is a genuine issue arising from the interpretation of the agreement should it be flagged nationally so that it can be clarified as quickly as possible. Points of interpretation will be shared by both parties through a jointly produced document.

Reviewing the Agreement

The full terms of this agreement will be subject to ongoing review and the national parties will meet regularly to monitor overall progress.

Standardised reporting systems will be established with shared data to measure the effectiveness of implementation of the agreement and ensure the commitments made within it are delivered in practice.

Given our intention to change the nature of the relationship between Royal Mail and CWU and build trust across the organisation the parties will continue to be supported through the initial stages of deployment by the independent facilitator, Roger Poole and Peter Harwood, Chief Conciliator of ACAS.

Annex A

National Generic Trial Framework

This Generic Trial Framework has been agreed between Royal Mail and the CWU in line with the terms of the Pay and Modernisation Agreement 2007. It details the process to deal with trialling all new technology and automation.

1 Aims/objectives

1.1 Consultation will take place at national level to discuss and consider the aims/objectives of carrying out a trial.

1.2 This consultation will take place early enough to allow meaningful input/involvement in shaping the most appropriate trial that will meet the stated objectives.

2 Trial

2.1 When a trial is required, national level discussions will confirm the following:

- the location/s for the trial
- an assessment of any operational impact
- an assessment of any employee impact e.g. earnings, attendances
- the period of the trial
- an assessment of any health and safety issues
- the training requirements
- the success criteria measures
- the date for the formal joint evaluation
- the CWU involvement and the appropriate facility time

2.2 This consultation will again take place in a timely manner and as early as possible to ensure the details of the trial/s can be jointly communicated to the managers, representatives and employees/members affected well in advance (a minimum of one month's notice).

3 Local impact

3.1 Prior to the start of any trial the necessary risk assessments will be carried out and safe systems of work will be agreed and put in place.

3.2 Operational changes for the period of the trial will be discussed and any duty/attendance alterations agreed on a temporary basis via the IR Framework at local level.

3.3 Permanent changes to the attendance patterns/operation can only be formally proposed once the trial evaluation has been concluded and confirmed it has been successful against the objectives.

The joint aim will be to minimise any adverse effect on the earnings opportunities for the employees involved in the trial.

4 Joint involvement/information share

4.1 All relevant data, information and statistics will be shared with the CWU throughout the period of the trial and evaluation.

4.2 The CWU will be fully involved in the monitoring of the trial/s at all levels as appropriate.

5 Deployment

Where trials have proved successful and a decision is taken to deploy the changes/equipment in the trial office/s and/or additional workplaces this will be carried out in line with the National Generic Deployment Framework.

Annex B

National Generic Deployment Framework

This Generic Deployment Framework has been agreed between Royal Mail and the CWU in line with the terms of the Pay and Modernisation Agreement 2007 for the deployment of all new technology and automation. It is recognised that this fresh approach to deploying change involving new technology and automation will only be successful by both parties working together in line with this agreement.

1 Requirements

The requirement of this Framework when deploying all new technology and automation will be:

- effective consultation between management, representatives and employees/members on the changes to be deployed
- to achieve an improvement in the efficiency of the operation, the service to the customer, the working environment/arrangements (reduced fatigue etc) or/and business/employee benefits
- to take into account and deal with, wherever possible, employees' concerns in respect of any impact e.g. earnings, attendance patterns
- to ensure all new working arrangements/equipment have been risked assessed and agreed safe systems of work are in place
- to put in place, where appropriate, a robust training programme
- to identify any requirement for transitional arrangements
- to ensure the deployment programme scheduled is achievable and has no adverse effect on quality of service and/or health and safety and/or security standards

2 Joint consultation

2.1 To ensure effective consultation, detailed discussions will take place at national level on the proposed deployment prior to the timetable being set. Information will be provided on all of the key objectives including the targeted improvement/benefit or level of savings so that it can be confirmed that the deployment will meet these and the agreed requirements contained in Para 1.

2.2 Where deployment is proposed for a limited number of workplaces or is to be phased, there should be a concise rationale/criteria for the planned programme e.g. the decision on the siting of the kit is based on traffic capacity, building constraints, geographical necessity etc.

3 Deployment programme

Guidelines that expand on the details of the deployment will be shared jointly and will be circulated from national level to all of the affected units included in the programme.

4 Operational arrangements

Where the changes being deployed will impact on existing agreements, significant job numbers or terms and conditions, it is accepted that sufficient time must be allowed within the programme for the necessary national consultation and negotiations to be concluded.

5 Duties

The introduction of any revised duty/attendance arrangements will be negotiated at local level in line with the IR Framework.

6 Local involvement

The proposed local deployment plan will be subject to local discussion prior to implementation to take into account any possible concerns, risks or difficulties. To ensure any unforeseen employee concerns are also resolved as quickly as possible, local parties will meet regularly to monitor and review deployment arrangements. CWU representatives shall be given appropriate additional release to facilitate this and enable them to consult with members on the proposed change.

7 Communications

Communications will be discussed at both national and local level to prevent any unnecessary difficulties arising from lack of information on the proposed changes to be implemented.

8 Interpretation/clarification

Current national/local agreements will remain applicable unless specific amendments that supersede these have been jointly agreed at national level. Where there are points of clarification or interpretation required regarding deployment these should also be dealt with speedily at National Level.

9 Information share/review

All relevant documentation/statistics, including the improvements/benefit or/and level of savings achieved, will be shared jointly and reviewed/evaluated nationally at the conclusion of the deployment programme.

Annex C

Transformation Lump Sum Payments and Shorter Working Week

Delivery

Applicable to all Delivery Units including SPDO's.

Lump Sums

The payment of £1,000 (pro rata for part time employees) consisting of 3 lump sums will be paid as follows.

£200 will be paid to everyone in the delivery unit on deployment of their first non walk sequencing revision.

£600 will be paid to everyone in the delivery unit on deployment of the walk sequencing revision.

£200 will be paid to everyone in the delivery unit when the Walk Sequencing revision has been implemented, and objectives achieved in line with the local agreement and no later than the end of the 6 week bedding in period.

SPDOs

All SPDOs will receive the £600 and £200 payments in line with their parent delivery unit.

Shorter Working Week

To be implemented in all Delivery Units in line with the Walk Sequencing revision.

Processing

Lump sums

The £1000 lump sum (pro rata for part time employees) will be paid in two phases.

Phase 1 is a lump sum of £400 to be paid when the Mail Centre is successfully deploying walk sequencing letter mail to the transformation plan for 50% of the Delivery Offices within its catchment area.

The remaining £600 will be paid on the same basis when the Mail Centre is walk sequencing mail for 100% of its Delivery Units.

Shorter Working Week

The one hour reduction will be implemented in two phases. There will be a reduction of 30 minutes or credit given (either aggregated to provide additional leave or taken as scheduled attendance by employee choice) when the Mail Centre is walk sequencing mail for 50% of its catchment area. The final 30 minute reduction will be implemented (along with the phase one 30 minutes if not already deployed) when the Mail Centre is walk sequencing mail for 100% of its Delivery Units.

Regional Distribution Centres

Lump Sums

The payment of £1000 (pro rata for part time employees) will be paid as follows:

£200 paid when the RDC has successfully completed the deployment of the 2010/11 revision.

- Deployment of a unit efficiency improvement revision which includes the implementation of new Royal Mail designed and standardised bag sortation, segregation process and layout in all RDCs.
- Deployment of unit efficiency improvement review by end of summer 2010

£400 paid on successful deployment of the 2011/12 revision and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

- Deployment of a unit efficiency improvement revision which includes the implementation of Mailsort products to be containerised and processed in trays and Yorks on the basis the timescales are aligned.

£400 paid on successful deployment of the 2012/13 revision and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

- This Revision may include elements discussed as part of progressive agenda

- Deployment of unit efficiency improvement revision by end of summer 2012

Shorter Working Week

The one hour reduction is implemented when the duty structures are deployed as a result of the 2011/12 RDC revision.

- Deployment of unit efficiency improvement review by end of summer 2011

All other OPGs grades on sites will align to this, eg, Mails Verification and cross docking by carrying out an annual efficiency revision.

The Deployment concurrence for all payments would be provided in conjunction with the Logistics Process Director.

Network Drivers

Lump Sums

The payment of £1000 (pro rata for part time employees) will be paid as follows:

£200 paid when the VOCs have successfully completed the deployment of the 2010/11 network revision.

- Deployment of Network 2010 review by end of summer 2010.

£400 paid on successful deployment of the 2011/12 VOC revision and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

- Deployment of Network 2011/12 review by end of summer 2011

£400 paid on successful deployment of the 2012/13 VOC revision and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

- Deployment of Network 2012/13 review by end of summer 2012

Shorter Working Week

The deployment of the Network 2011/12 VOC revision will also trigger a 2% addition to basic pay, allowances, London Pay Rate, overtime and SA rates as a cash alternative to the 1 hour shorter working week.

OPGs working in the Traffic Office and Air/Rail hubs will be aligned to the above by deploying an annual efficiency revision.

The Shorter Working Week for these OPGs, (the one hour reduction) is implemented when the duty structures are deployed in 2011/12.

The Deployment concurrence would be provided in conjunction with the Network Operations Director.

International

The payment of £1000 (pro rata for part time employees) will be paid as follows:

HWDC

£150 lump sum will be paid following successful introduction of new productivity bonus arrangements.

£150 lump sum will be paid on successful completion of the deployment of the 2010/11 revision in the unit.

£700 lump sum will be paid on completion of the changes arising from the International Operations Strategic Review currently in process. The detailed changes arising from the Review will be the subject of further negotiations and progressed at pace to ensure the changes are deployed and the payment is received as early as possible (i.e. no later than 2012/13).

The 1 hour reduction in the working week will be implemented at the same time as the 2010/11 revision.

LAMU/GAMU/Sac Vides

£300 lump sum will be paid on successful completion of the deployment of the 2010/11 revision in the units.

The 1 hour reduction in the working week will be implemented at the same time.

£700 lump sum will be paid on completion of the changes arising from the International Operations Strategic Review currently in process. The detailed changes arising from the Review will be the subject of further negotiations and progressed at pace to ensure the changes are deployed and the payment is received as early as possible (i.e. no later than 2012/13).

LAs

For operational LAs, payment of the lump sum and the working week reduction will take place at the same time as the operational employees in their unit

For non operational LAs in Regions and in Areas, payment of the lump sum and the working week reduction will take place on implementation of the Major Review of Regional Admin Support.

MDECs

Lump Sums

The payment of £1000 (pro rata for part time employees) will be paid as follows:

£100 lump sum will be paid on successful completion of a revision at all three MDEC sites in 2010.

£900 lump sum will be paid on successful implementation of the MDEC Rationalisation Programme, including to employees who leave the Business at the time of implementation. The detailed changes arising from the transformation plan will be the subject of further negotiations and progressed as soon as practicable to ensure the changes are deployed and payment is received as early as possible (i.e. no later than 2012/13).

Shorter Working Week

The 1 hour reduction in the working week will be implemented at the same time as the £100 lump sum.

The above approach uses up the pool of money created by the former ESOS productivity scheme. Hence the ESOS scheme will cease to exist and will not accrue any future money.

Area Distribution Drivers (MGV Grades)

Lump sums

The £1000 lump sum (pro-rata for part time employees) will be paid as follows:

£200 will be paid on successful completion of the deployment of the 2010/11 revision in the unit.

£400 will be paid on successful deployment of the 2011/12 revision in the unit and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

£400 will be paid on successful deployment of the 2012/13 revision in the unit and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

Shorter Working Week

Instead of introducing the 1 hour reduction in the working week a 2% addition to basic pay will be triggered at the same time as deployment of the 2011/12 revision.

Collection Employees in Mail Centres and Collection Hubs

Lump Sums

The £1000 lump sum (pro-rata for part time employees) will be paid as follows:

£200 will be paid on successful completion of the deployment of the 2010/11 revision in the unit.

£400 will be paid on successful deployment of the 2011/12 revision in the unit and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

£400 will be paid on successful deployment of the 2012/13 revision in the unit and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period

Shorter Working Week

The 1 hour reduction in the working week will be implemented on deployment of the 2011/12 revision.

Mail Screeners

Lump Sum

The £1000 lump sum (pro-rata for part time employees) will be paid on successful completion of the deployment of a revision in 2011/12.

Shorter Working Week

Instead of introducing the 1 hour reduction in the working week a 2% addition to basic pay will be triggered at the same time as the payment of the lump sum.

Door to Door Walk Bundling Centres

Lump Sums

The £1000 lump sum payment (pro rata for part time employees) will be paid as follows:

£200 when the WBC has successfully completed the deployment of the 2010/11 revision

- Deployment of the unit revision by the end of 2010/11

£400 on successful deployment of the 2011/12 revision in the WBC and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

£400 on successful deployment of the 2012/13 revision in the WBC and objectives achieved in line with the local agreement and no later than the end of the 4 week bedding in period.

Shorter Working Week

The one hour reduction is implemented when the duty structures are deployed as a result of the 2011/12 WBC revision.

Where any revision activity aligns with the trial or roll-out of automation in a unit, this will be incorporated into the revision and will be discussed inline with the opening paragraph.

The Door to Door Service Centre LAs will follow the same revision and reward structure as outlined above for the WBCs.

Both parties agree that there is a requirement for ongoing discussions in WBC's in relation to transformation as the future plans for growth are still at the design and aspirational stage. Discussions in this respect will take place as potential is realised and degrees of automation are considered, and will cover all aspects of the change including, terms and conditions and reward. This approach forms an integral part of any ongoing dialogue between RM WBC's and the CWU on the 'Progressive Agenda' for this important revenue generating business unit.

Engineers

Lump Sum

The £1000 lump sum payment will be triggered as follows:

£400 paid individually on completion of the development requirements identified through the skills assessment. Completion will be achieving a registered standard with Engineering Council or by assessment from the Regional Maintenance representative.

£600 paid on local deployment of single sort architecture and automation transformation changes, which includes the implementation of any agreed revised shift rota pattern. In HWDC it will be paid on completion of the changes arising from the International Operations Strategic Review.

Shorter Working Week

The 2% addition to basic pay in lieu of the shorter working week will be introduced at the same time as the £600 payment. In HWDC, it will be paid during 2011/12.

Fleet and Maintenance Services

Both parties agree that payment of “the lump sum linked to transformation” will be aligned to the service centre (garage) network review project and triggered as follows:

£700 will be payable on agreement and deployment of a revised approach to service centre operating hours, including changes to attendance and shift patterns that realign service centre operations to better purport the wider operational requirements of the businesses.

£300 will be payable on deployment of “total transformation plans”, on a cluster by cluster basis. For the sake of clarity total transformation plans for the service centre network will comprise of the following elements:

- Service centre rationalization and organization
- Revised Service Centre operating hours
- Revised customer service operations
- Revised maintenance booking procedures
- The outputs of the reserve vehicle review

Shorter working week

The deployment of a revised approach to Service Centre operating hours will also trigger a one hour per week reduction in working time.