

NEGOTIATORS' AGREEMENT BETWEEN PARCELFORCE WORLDWIDE AND THE CWU REGARDING THE 2007 PAY AWARD

INTRODUCTION

This agreement builds on the approach developed in Parcelforce Worldwide in recent years, whereby an innovative and flexible approach has resulted in business success. It is designed to continue to support an ongoing programme of change and development, which ultimately is seen as the key to continued prosperity and employment security.

The recently agreed 'Breakthrough Agreement' recognised that new technology, kit & equipment, new products and services, working environment, training & development and employee terms & conditions, are all matters for consideration when determining progressive development and investment. It equally recognised that the joint approach for future progress would continue to be based on the concept of balancing business interests and employee aspirations.

The Parcelforce and CWU lead negotiators had considered that the introduction of 'Breakthrough' and the 2007 review of terms & conditions may coincide and that joint benefits could be developed together. However consistent timing has not transpired and a final agreement is not achievable at this time.

Against that backdrop the shape of our negotiations has been influenced by a joint desire to ensure a prompt review of pay, via an interim agreement, on the due date of 1st April 2007, which recognises the increases employees have experienced in the cost of living, together with a commitment that more detailed work needs to be done on a final agreement. The continuing work will address all aspects of the remuneration framework and our approach to productivity, duty revisions, resourcing and further improvements to pay/terms & conditions, linked to realising the efficiency benefits of new technology deployment.

Therefore this year's agreement is a two stage deal; the first stage puts some money in people's pockets at the start of the year, and also recognises continued cooperation with the deployment of the new Breakthrough technology. The second stage will involve new productivity arrangements, taking the achievements of the Blueprint agreement to a new level. It is agreed that further remuneration improvements will be a key link to the final agreement.

THE AGREEMENT

Despite the two part nature to this year's agreement the negotiations have still sought, in part one, to approach the review of terms & conditions in a rounded way and in a manner that considers the whole employee package and agree that this philosophy of approach will continue in the ongoing talks.

Stage 1:

- From 1st April an increase of £45.70 a month on basic pensionable pay (part time pro-rata).
- London Weighting will increase by £9.75 a month in the Inner Area and by £5.75 a month in the Outer Area
- As a continuing and developing approach to health care issues, Parcelforce Worldwide agree to offer funded personal membership of the Benenden Healthcare Society to all CWU represented grade employees. Any employee already a member of the society will have their payments picked up by Parcelforce.
- In response to the review of 'Family Friendly' arrangements, Stage 1 of this agreement will see paid 'Adoptive Leave' harmonised with the current Maternity Leave arrangements
- There will be not be the usual 10% abatement of this award for new recruits, and the full £45.70 increase will apply to them as well thus reducing the percentage differential. There will be the opportunity for early progression to the adult maximum rate for new recruits whose performance is deemed fully satisfactory before the normal six months progression date. In addition the under 18 rate will be abolished and all recruits brought in on the adult rate.
- In response to the Road Transport Directive it is agreed that the drivers allowance supplement of £10 per week for driving vehicles of 3.5 tonnes plus will be increased by £20.00 per week.
- Current productivity arrangements will cease and be replaced by a £11 per week core payment, paid to all CWU depot represented grades in line with the paragraph detailed below.

Stage 2:

- Will be the subject of continuing action as set out in the introduction to this agreement.

ROAD TRANSPORT DIRECTIVE

To enable appropriate flexibility within the law in building duties involving the use of vehicles larger than 7.5 tonnes the reference period for monitoring hours worked on such duties is extended to 26 weeks by this agreement, and subject to local agreement, night duties may extend beyond 10 hours where this is operationally sensible.

BREAKTHROUGH

From April onwards, the new scanners will be progressively deployed in depots and the hubs to improve routing and planning, and reduce missorts and lost items. Employees will participate fully in the training and use of new equipment and will be encouraged to feedback any issues they have with it. Equally, the spirit and intent of the equal progression of all strands associated with the 'Breakthrough Agreement' will continue to apply and is recognised as a key driver to continuing co-operation. Also in line with the Breakthrough Agreement, there will be no change to duty arrangements apart from any minor adjustments within current individual duty parameters necessary to accommodate the physical introduction of the new systems. People may be asked to attend the training (estimated one day) at a different attendance time than usual but every attempt will be made to accommodate any issues this creates for individuals. Any duty change proposals not linked to Breakthrough will be dealt with as usual.

A joint approach to reviewing and understanding the impact of Breakthrough related changes to ways of working will take place as the equipment is brought into use, with the aim of ensuring the deployment proceeds smoothly at each site in line with the programme. This joint review will take place in each unit as Breakthrough is introduced there, and any issues of more than local application will be referred to strand members for national joint review. As the review of issues and all strand activity is concluded, any necessary changes to duty arrangements will be tabled in the normal way and the agreed Stage 2 of this agreement will be introduced.

RESOURCING AND PRODUCTIVITY

Previous agreements have developed a unique approach to resourcing and productivity which is appropriate to our business with a workload which fluctuates at short notice and in different ways in different offices. Stage 2 of this agreement will seek to extend the concept to a further level of sophistication, made possible by the new Breakthrough systems and greater depth of data on parcels both in advance of arrival in a unit and as they are processed. In order to inform the further round of discussions envisaged, joint work will be commissioned to understand how the current approach can be adapted to meet modern needs, taking into account new systems, our approach to flexible resourcing and the aspirations and wishes of our employees. The discussions will consider how best to remunerate people for performance above the new standards and those performing extra hours on overtime.

FAMILY FRIENDLY ARRANGEMENTS

New opportunities for employees with care responsibilities to request flexible working have been introduced by the Government from April 2007, to add to those already existing for parents with children. It is agreed that in Parcelforce Worldwide these provisions will be further extended to cover all employees. Anyone who wishes may put a proposal to their manager which covers both their personal preferences and wishes and also their ideas about how the request may be accommodated in such a way that the work still gets done to meet specification.

Whilst respecting individual confidentiality, there will be discussions between the manager and the local rep over the impact of any proposed solutions to ensure they are compatible with the collective ethos of the Parcelforce way of working as defined in recent agreements

A discussion will also take place between the manager and employee making the request. Whilst there are no guarantees that the business will be able to accommodate every request, all requests will be given serious consideration and other solutions will be explored wherever possible.

HEALTHCARE

As part of our joint commitment to developing professionalism throughout Parcelforce Worldwide, and thereby building on the steps taken last year, a range of initiatives which recognise the value of investing in a healthy workforce is being undertaken. These include the offer of annual health checks in each workplace, a programme of health education initiatives, and fast track referrals to occupational health of suspected muscular-skeletal injuries. In a major extension of this approach to promoting health and well being, it is agreed that the benefits of the Benenden Healthcare Society will be made available on a corporate basis to all CWU graded employees from 1st June 2007.

Recognising our obligations to health and well being in the wider community it is agreed that a joint study will be commenced to review issues and opportunities regarding environmental issues.

INDIVIDUAL DEVELOPMENT / TRAINING

There is a joint commitment to encourage lifelong learning and individual development and the ongoing discussions will consider how this should be managed and progressed. It is intended to develop a portfolio of high quality training for both individual current/new entrant employees on operational matters and joint local manager and CWU rep training on all aspects of current agreements.

Individual training needs or personal development opportunities will be discussed between the individual and their local manager on a regular basis. In addition, all employees will have access to e-learning opportunities and will be encouraged in their use for personal development of their skills and abilities. The CWU will be fully involved in the planning of how individual development training/tuition will be carried out in conjunction with the operational plan and overall depot achievement.

DEPOT BONUS SCHEME

The existing depot bonus scheme will cease. Both parties recognise the role it has played in supporting a cultural change, the development of flexible collective working and increasing understanding of the business' commercial position in line with the Blueprint Agreement over the last couple of years. However, it is also noted that the practical application of the agreed approach has led to concerns about whether the nature of the quarterly payments are sufficient or in keeping with

our joint key driver of everyone working for the success of the business, and everyone having a share of the reward. Talks will take place as part of Stage 2 of this agreement with a view to developing a replacement scheme which better reflects the performance of depots both individually and collectively, and recognises the prime role all employees play in delivering excellent service to our customers. In the interim, a core payment of £11 per week for all full time employees (part timers pro rata) will be paid quarterly in all units for maintaining current performance, working within the spirit and intent and flexibility of the Blueprint Agreement and co-operating with Breakthrough progress. In the exceptional circumstances that a depot is perceived not to be acting accordingly, then an urgent joint review will take place to understand the reasons and identify necessary actions to get units back on track and payments made. These interim payments will remain in place for quarters 1 and 2 of 2007/08, i.e. until new productivity arrangements are agreed and implemented.

Stage 2 will also include a review of the current approach to rewarding for sales leads to consider if it is still fit for purpose, genuinely motivates the generation of new work and is consistent with the spirit and intent of the total joint approach.

HUBS

There will be an urgent review of outstanding issues regarding the remuneration, skill payments and bonus framework.

RECRUITMENT ISSUES

Stage 2 of this agreement will establish a joint working party to look at all aspects of recruitment, including the detailed processes involved, any areas of difficult recruitment, retention of new recruits, and new entrant training. The analysis will determine if there are problems or potential improvements required and recommendations for solutions.

SECURITY PROCEDURES

The on going discussions will establish a joint management and CWU working party to develop and recommend new arrangements for all aspects of security procedures.

IN CAB COMMUNICATION / MOBILE PHONES

This agreement re-affirms that the in-cab symbol device should be used for communication between the driver and the depot, and not personal mobile phones. Equally, it is agreed that a joint management and CWU working party will be established to develop a code of practice on the acceptable nature and method of such communication.

CONCLUSION

This agreement will commence from 1st April 2007 until 31st March 2008. It is our intention to conclude the Stage 2 discussions and introduce any resulting changes and their associated benefits at the commencement of quarter 3 of 2007/08.

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