

Negotiators Settlement

Agreement between Royal Mail Group and the Communication Workers Union Regarding Guiding Principles of Employment Security and a Mutual Interest Approach to Future Challenges and Opportunities.

Introduction

This agreement has been reached within the spirit and principles of the Agenda for Growth, Stability and Long Term Success Agreement and its Legally Binding Contract.

Both parties agree that Royal Mail Group does not operate on a level playing field partly because regulation is not effective in ensuring the wider industry provides quality to its customers and workers. RMG and the CWU will work closer in coordinated, joint and separate (where appropriate) activity to remove those barriers. This includes working together to lift the employment standards to ensure people in the UK are offered reasonable and decent terms and conditions and contracts of employment (especially the postal and logistics sectors).

1. Rebuilding Confidence & Trust

To rebuild confidence and trust to enable the business to grow, both parties are committed to working together to reinvigorate our agreements and develop an agreed joint mutual interest vision for Royal Mail, its customers, employees and stakeholders.

Our intent is that this agreement enables us to satisfy customer requirements, achieve excellent quality of service, meet our social obligations, win new business, all while providing employment, standard of living and retirement security for employees.

Whilst achieving all of these we will continue to be highly competitive in respect of innovation, price, and value for money and professional services. All of the above are considered to define and protect our brand as the most trusted, secure and highly valued postal service provider in the UK. In support of this we are committed to the following:-

- Recognising that Royal Mail is no ordinary company, we honour our 500 years of history and heritage, whilst looking forward to embrace the future.
- Redesigning our operations to grow our product portfolio and maintain Royal Mail's position as the sole designated provider of the nation's six day USO.
- Maximising the volume and promote the value of letters and ensure any agreed operational pipeline changes continue to meet service level specifications, address customer requirements and provide secure fairly rewarded employment
- Recognising the challenges of a business approach balancing the needs of customers, employees and the company.
- Promoting and protecting the Universal Service Obligation service standards and uniform price commitments to every address in the UK, our operational capability and spans of our core offering in line with our agreements.

2. Core Products, Diversification & Growth.

To operate a culture of innovation and growth, to develop an industry leading company that is recognised as the number one choice for customers in the UK and internationally. To meet that challenge via the most effective operational footprint to support growth that positions us not only in front of competitors but more importantly at the leading edge of innovations.

To operate a culture of innovation that enables us to embrace societal developments and leading edge changes to meet current and future customer demands, whilst delivering an excellent public service.

To operate efficient and relevant operations, which offer end to end solutions for both our public service obligations and our commercial offerings. To be fast, responsive and easy to do business with, providing customers with new improved products and services at the doorstep. An operational design that recognises the complete turnaround in the industry of post and delivery, its changing product range, the evolution of technical and physical and the convenience agenda.

As well as promoting our core products we recognise investments must go beyond just sustaining our current obligations, products and services, but must also enable diversification to identify and generate new revenue sources. This will include implementing strategies that address retailer and consumer demands, attracting all sizes of businesses, enabling them to fully utilise our industry leading services ahead of the competition.

3. Working Environment / Culture

The 'Agenda for Growth, Stability and Long Term Success Agreement' carries an aspiration of cultural change in respect of industrial relations, the working environment and employee wellbeing, and it is agreed progress in that regard will now be independently evaluated following a period of time allowed to embed the new agreement. The detail and scope of the review will be subject to further discussion.

We both agree that a key plank in an effective working culture is in the way a local office works together to deliver on the requirements of our customers. Our aim is to ensure that at a local level we have enabled that effective culture as much as is possible to do so.

Our particular focus will be on how we jointly enable the cultural development at a local level going forward and embed the agreement through jointly focussed training, engagement sessions and restructured meetings and activities to fully support our joint aspiration to improve the culture.

It will be necessary to identify aspects to our training that ensures we re-enforce the cultural direction at all levels in our relationship.

4. Royal Mail Group's Commitment to its People

Royal Mail makes the 5th biggest contribution of any UK company to the UK economy, with one in every 175 employees in the UK working for our business. Our people are the

ambassadors of our brand, our greatest asset and the living link between individuals, businesses and communities across the UK.

The business is equally proud to recognise and work with the CWU as the representative body of non-managerial employees, and welcome them as a strategic partner and their input to the business development, ensuring that as a people centric business we retain that ideal whilst still reacting at pace to changes necessary in the industry.

Both parties share a commitment to do things together in the best interests of all involved for the long term, everyone working for each other, the success of the business and all stakeholders sharing in the reward.

In an environment where we increasingly see other businesses utilising unacceptable and in-secure labour models, relying on low wages and uncertain contracts of employment, we will continue to work to be an employer of choice who works with its people to balance and embrace technological advances and customer driven changes in a mutual interest way to enable it to retain industry leading terms and conditions of employment. It is our joint aim that highly motivated and engaged people, who are focussed on customer and public service, offers a better solution than the solely cost-driven approaches of many low pay businesses.

We remain committed to the concept of a workplace ideal which grows a vocational sense of purpose and involves managers, employees and their representatives in mature discussions on decisions affecting their workplace. It is intended that this mutual interest approach to decision making will support, entrepreneurship, innovation, our public service commitment and a safe working environment that also allows everyone's contribution to be valued. Colleagues should enjoy a work experience which our people would be comfortable and proud for their own children/relatives to work in. Translating these words into a workplace culture that reflects them is key to creating high levels of morale and a vocational sense of purpose more receptive to change and flexibility to meet the challenge of the changing nature of the industry and customer demands in an effective and efficient manner.

The greatest asset that RMG has is its people. We believe that treating people with respect, will be critical in ensuring we build an ever stronger business, just as the response of those people to change at pace via agreed approaches with their trade union, will define our ability to build that business and produce real growth and stability. To this end leaders and decision makers at all levels in RMG and the CWU will need to ensure that people's issues, work life balance and mutual interests are factored into constant evolutionary and growth related change.

In regard to flexibility and change RMG and the CWU recognise the importance of supporting employees in balancing their work and home lives. It is also recognised that parents and carers are under increased pressure to balance work and care and we will work together to assist and support those who require adjustments where possible. We will take into account individual's circumstances in changing work patterns and hours in a considered and measured way whilst also recognising the impact on other employees and the business in line with Royal Mail Group flexible working policies

Efficiency, a constant in working life, can be viewed as an opportunity for aligning the business to customer needs, innovation and growth. These are key factors in underpinning our industry leading terms and conditions, to which both parties remain firmly committed.

The progress and well-being of employees as individuals depends on the business being successful, but it is also very important that the touchstones of success truly reflect our human priorities and the contribution our employees make to a public service and society that is so highly valued by the people of the UK.

5. National Strategic Structures

As part of this agreement we are jointly reviewing the purpose and structure of our meetings. We envisage removing the Growth Forum and Parallel Operations Forum, revising the agenda for the National Joint Negotiating Committee and introducing standard agendas for strategic involvement sessions and the review of the national functional groups to ensure alignment.

In place of the Growth Forum we will introduce an Innovation Forum, attended by senior members of RMG, CWU and Unite on a regular basis to look at how we encourage and develop growth for the business, both at a local and national level. This Forum will have direct access to a "seed corn" fund of £2m to help encourage growth.

In place of the Parallel Operations Forum will be a quarterly Business Performance Forum, to discuss current day to day operational performance and review joint activity arising out of this agreement. This will be attended by Functional Heads, Ops Director and CWU National Officers, jointly chaired by DGS(P) and Chief Operations Officer.

A new forum will be put into place to look at scenarios in the Operation over three, five and seven years as a fundamental review of the pipeline. This body will inform and advise on the future design and ways of working based on the potential paths we jointly anticipate could occur. As part of this a sub set of the forum will meet to develop and monitor progress on the flight path to the 35 hour week (Shorter working week Forum), utilising the information and modelling to ensure we find cost effective and affordable opportunities to deliver on the joint commitment to the 35 hour week which are deliverable by our people and which address the challenge of the emerging fourth industrial revolution.

As detailed in the section on Pensions there will also be a new Joint Pensions Forum to initiate the CDC work programme.

6. IR Framework

Both parties re-commit to the full terms of the IR Framework including the three tiers of achieving local agreement procedure which will include unit, area and Divisional Representatives. We will continue to work together to find improvements to the performance of the IR Framework in line with the Agenda for Growth whilst recognising the respective managerial and CWU representational structures. This will entail reviewing managerial and CWU interfaces to establish authority levels, ensuring proper alignment consistent with the three tier structure, developing professional working relationships and generally raising the profile of positive industrial relations in the business.

In particular we will use a joint forum to review the interfaces and alignment and seek to trial opportunities to make the IR Framework a more effective tool for issue resolution for all parties. This will entail looking at the more disciplined use of timescales, the improvement in the quality of our joint paperwork and encouragement of use of our

voluntary mediation resources, concluding the review six months after the agreement is signed.

Both parties agree to re-energise the approach to operational and associated trial activity by building on and fully utilising the current generic trial and deployment frameworks agreed in 2010. Where appropriate the aim will be for trials to generally be concluded within a maximum 90 day (3 months) timeframe from inception to trial conclusion while safeguarding colleagues involved in the trial(s). This will ensure a more focused and professional approach is adopted to trial activity going forward that informs the development of agreed change and decision making in an inclusive and mutual interest manner and which maintains cross functional and national agreement integrity.

7. Attendance

Both parties agree to undertake a joint review to improve the management of sick absence and improve overall attendance levels. This review will build on the joint work already completed on attendance last year and will look at best practice in attendance in other industries. It is recognised that regular reliable attendance is the cornerstone to providing excellent customer service. We will work together to understand the rationale for the variations in attendance levels, identifying potential gaps and opportunities within the current arrangements/agreement, whilst also reviewing the ability of our people to be able to take annual leave especially odd days at relatively short notice. The objective of the review is to ensure we secure a fair and consistent approach in dealing with attendance for our people, our customers and the company. The review will be initiated within one month of the signing of this agreement and concluded within a 3 month period. The outputs will also be considered as part of the independent review within section 3, however this will not delay progress on any changes coming out of the attendance review.

8. Resourcing In Line with Current Agreements

Both parties agree that the aims, principles and detail contained in our agreements and recent Joint Statements will be re-affirmed and fully applied.

Both parties will re-affirm that they will deploy legally binding commitments to part-time workers and the use of agency workers.

In respect of part-time workers the following will apply with immediate effect:

It is agreed that part-time workers in Royal Mail Group provide an excellent and efficient contribution to the operation when they perform extra hours above their contracted hours. It is equally recognised that some part-time workers wish to extend their contractual hours whilst others prefer to perform extra hours when they wish to.

It is apparent that while some colleagues have secured additional conditioned hours and also converted to full time employment there is more that can be done to reflect a part-time worker's regular commitment to additional hours (should they wish it). This means, in line with our agreements, and where justified, we should focus on moving to full-time, or increasing contractual hours below full-time either on a temporary or permanent variation of contract.

For avoidance of doubt it is confirmed that Part Time workers are entitled to sign for and perform scheduled attendance in line with existing and fair allocation arrangements.

The level of part time Employees' contracted hours will be reviewed by the Employer and the CWU locally on a six monthly basis. Where appropriate, increased contracted hours will be offered to reflect the hours actually worked and planned

Regular extra hours performed but not linked to a part-time workers duty but which still result in an individual regularly working full-time hours, should not be a barrier to securing a full-time contract providing the actual work performed is clearly defined.

Part time workers could have a variation of contract above their current conditioned hours up to full time for specified periods of time based on the requirements for regular overtime and seasonal specific events. This variation of contract will result in an immediate change to all aspects of pay i.e. annual leave, sick leave, pension, allowances (where appropriate) etc. to reflect the actual hours worked. Again this hourage does not necessarily have to be linked to their actual part-time duty.

All adjustments in this regard must be consistent with our current agreements.

This activity will be reviewed in line with a fresh approach to resourcing as detailed in this agreement up to and including National level taking place in September 2018, to assess if further action/interventions are required.

To this end it is agreed that there is not and will not be a central HR policy to only recruit on a part-time basis. Recruitment will be determined by workload and the outcome of the weekly resource meetings, initiated 13 weeks out. The process for recruiting to vacancies agreed at the weekly resourcing meetings will be improved to increase the pace and reduce the period during which an active vacancy remains unfilled, whether full or part-time.

To ensure a consistent nationwide structure to the six month review process as detailed in our current agreements, it is agreed that all units will conduct these reviews in March and September each year. Functional Directors and CWU Divisional Representatives will meet to ensure that this commitment has been fulfilled and ensure that the IR Framework is being applied where an agreed action plan / sign-off is not agreed.

Agency workers are intended to cover short term or unforeseen resourcing needs, expected to last for periods of no more than 12 weeks, which cannot be covered by offering additional hours to existing employees whilst maintaining quality of service. In the rare circumstances that employment exceeds 12 weeks the provisions of the Agency Workers Regulations 2010 (as amended) will apply. Both parties also commit to jointly review the use and conversion of agency staff in a way which recognises their continuous service and complements and reaffirms the principles contained in the Agenda for Growth agreement.

Equally and to build confidence there will be an immediate joint local discussion at the weekly resourcing meetings using an agreed checklist where units will assess current compliance with all Resourcing Agreements and Joint Statements. Where it is agreed there is non-compliance, an agreed action plan will be worked up locally as a priority.

Where a Unit has no CWU representative, the union will actively work with its members in that unit to ensure one is elected. Until this has taken place the appropriate Area Representative will be responsible for resourcing meetings in that unit.

The completed checklist will then be emailed to the Area Reps and Ops Managers both where compliance has been agreed and where non-compliant remedy action plans are being worked up.

Where at unit level a joint action plan has not been completed this will be discussed at area/divisional strategic involvement meetings to seek support for the unit to complete the action plan.

Failure to agree an action plan will be progressed and resolved by means of the IR Framework.

Both parties reaffirm the commitment to mandatory weekly resourcing meetings between the local manager and CWU Representative, and recognise the need for a flexible workforce appropriately aligned to workload in line with our current agreements while ensuring that the full spirit and intent of our joint resourcing strategy is being applied.

Notwithstanding our immediate activity we will develop a means to confirm that effective weekly resourcing meetings are taking place. This will include 6 monthly reviews of part time employees and regular use of agency workers to ensure the use of this resource is being used in line with our agreement.

The collective output from these reviews will be shared at strategic involvement meetings.

It is agreed that we will develop and deploy at pace a joint local resourcing training programme in a similar format as the recent joint IR training programme.

A joint review will also be activated to establish the current state in regard to outstanding annual leave, the reasons there are problems and the local processes for recording annual leave. Reasonable action plans will also be agreed to ensure untaken leave is protected and taken within reasonable timescales and which takes into account individual circumstances and customer service requirements.

The National Operational Directors and CWU Assistant Secretaries are committed to developing the checklist as a means of gaining oversight and ensuring unit compliance to the above process.

In addition, joint work will continue on resourcing based on the approach discussed during mediation.

9. Quality of Service

Both parties are committed to ensure that we deliver consistently the highest standard of quality customer service and to maintain and improve our Universal Service Obligations, all units need to clear all scheduled mail on a daily basis. A key element in achieving this is our unit based resourcing strategy which must be carried out in line with existing national agreements.

To build confidence there will be a joint local discussion at the weekly resourcing meetings where units will complete a one-off joint review using an agreed checklist to

assess current performance against standards and ensure that all scheduled mail is being cleared on a daily basis. The completed checklist will then be emailed to the Area Rep and ops manager both where compliance has been agreed and where non-compliant remedy action plans are being worked up.

Where it is agreed that standards have not been met, then an agreed action plan will be worked up locally as a priority. Where at unit level a joint action plan has not been completed this will be discussed at area/divisional strategic involvement meetings to seek support for the unit to complete the action plan.

Failure to agree an action plan will be progressed and resolved by means of the IR Framework.

The National Operational Directors and CWU Assistant Secretaries are committed to developing a means of gaining oversight and ensuring unit compliance to the above process.

Generic performance, trends and best practice will be discussed at area, divisional and national monthly strategic meetings to ensure maintenance of quality of service standards.

10. Measures

Both parties agree that it would be beneficial to have consistently understood and recognised measures of efficiency, performance and productivity and therefore agree that it is now the right time to jointly review these measures.

10.1 Balanced Scorecard

The business measures performance through a balanced scorecard with equal representation to safety, customer and quality, finance and people.

In order to create better alignment, transparency and understanding between both parties, it is agreed that such measures need to be fair, objective and equitable. The business will share the full detail of the corporate balanced scorecard with the CWU at national and divisional level.

Discussions will take place at National level on the joint behaviours that the scorecard drives and if they complement our industrial stability objectives and a positive workplace culture.

10.2 Efficiency and Productivity

We already have a number of agreed industrially engineered performance standards, but the business efficiency measure 'Weighted Items Per Gross Hour' (WIPGH) is unagreed yet a highly influential measure from both Royal Mail's and the regulators' perspective. Both parties agree that it is imperative that any efficiency measure is jointly agreed and

understood. To this end a joint working group will be established involving operational and work study expertise from both management and the CWU, involving all functions to fully review all the efficiency measures currently being used and produce recommendations over a three month period at the start of this agreement. These recommendations will be taken forward into further National joint discussions in order to jointly agree the efficiency and productivity measures. Acknowledging throughout these discussions that whilst the business will seek to influence the view of Ofcom on its measures of efficiency, it will need to use and follow the measures to ensure alignment with the Regulator, however current national agreements will hold the field for changing arrangements and resourcing between RMG and the CWU.

11. Pensions

Both parties recognise that there is now an opportunity to take a leadership position to influence the world of pensions and provide innovative new pension arrangements for all.

Both parties accept that a decent occupational pension is essential to supplement the state pension and provide people with a decent standard of living and security in retirement.

Over recent years society has witnessed a shift in workplace pension provision away from Defined Benefit to Defined Contribution Schemes. The impact has been to make retirement provision less predictable for individuals with DC Schemes in many other cases characterised by inadequate contribution levels and uncertain outcomes.

Against that backdrop, we have jointly agreed to introduce one new wage in retirement pension scheme for all CWU represented grades in the RMG to replace the current DB and DC Schemes. This will be based on a collective structure which provides retirement security and shares risk between employees and the company.

The proposed future pension scheme has a similar design to previous DB schemes in RMG but the benefits represent targets, not hard promises, and can be varied (upwards and downwards) to maintain the cost of the scheme at a fixed level. The new scheme will target a similar level of benefits as currently provided by the DB Royal Mail Pension Plan. Members will receive a combination of an income based wage in retirement pension and a defined benefit lump sum.

Key features of the agreed proposed scheme are outlined below:

Eligibility	12 months' service then auto-enrolled.
Pensionable pay	Basic pay (actual) plus pensionable allowances
Contributions – members	6% of pensionable pay
Contributions – employer	13.6% of pensionable pay
Target CDC Pension	1/80 th of pensionable pay plus RPI revaluation
Guaranteed DBCBS Lump Sum	3/80 ^{ths} of pensionable pay, with revaluation to date

Target revaluation before retirement	RPI (pension and lump sum)
Target increases to pensions in payment	RPI
Normal Retirement Age	67(as currently, employees will be able to take their pension on an actuarially reduced basis)
Lump sum on death in service	4 x pensionable pay
Dependants pension	50% of member's pension
Ill-health benefit	50% of pensionable pay, less State benefits, payable for up to 3 years, plus a lump sum payment at the end of the 3 years, plus payment of accrued benefits.

Individuals wishing to improve their DB lump sum outcome, will have the option of paying an extra 1% contribution into that element of the new scheme which RMG will match with a further 1%.

The CDC Scheme will be the first of its kind in the UK and Royal Mail and the CWU will lobby the Government to find the quickest route to getting the scheme established and enacting the necessary regulations.

Current regulations in the UK do not permit a CDC scheme to be introduced. The Pension Schemes Act 2015 introduced the concept of Collective DC schemes but it now requires supportive secondary legislation to be passed in order to allow the Company to introduce the proposed CDC scheme for all. Both parties will work together to seek to influence the rapid progress of the required regulations through Parliament. This work will seek to enable the Company to be the first entity in the UK to launch a CDC pension scheme, potentially as a 'pilot project' and in parallel with the drafting of the regulations.

The proposed new scheme will not form part of RMPP. A new Trustee Board will be established in advance of the scheme starting and will consist of employer and member representatives as well as an independent chair and be supported by professional advisors.

To facilitate progress we will set up a new joint governance structure for pensions. The Company is willing to commit resources to working with the CWU to have the appropriate regulatory framework put in place in as short a timeframe as possible. This will start with the setting up of a Joint Pensions Forum to initiate a CDC work programme. The framework for this will be:

Steering Board – high level sponsorship from both Company and CWU responsible for:

- i. Setting the remit of the Forum
- ii. Monitoring the overall direction and progress of the working groups, and acting as a point of escalation for any issues that cannot be resolved within those groups.
- iii. Engaging with like-minded bodies and organisations to encourage them to join in lobbying activities for the passing of legislation/regulations enabling the establishment of collective benefit schemes.

- iv. Monitoring progress of the sub-groups
- v. Establishing the Trustee Board for the scheme

Scheme Design Group – working group including professional advisors – actuary, lawyers, investment advisor, accountants – responsible for the detailed design of the scheme, including the target benefits, investment strategy, scheme rules and governance structure.

Legal Group – responsible for:

- I. Working with DWP/HMRC and other government departments, as well as other pensions industry bodies, to have the appropriate legislation/regulations put in place; and
- II. Preparing the necessary documentation to set up the scheme.

Lobbying Group – is responsible for engaging with influential bodies / individuals in order to persuade government to put in place the appropriate collective benefits legislation / regulations.

It is not envisaged that the desired new arrangements will be in place by April 2018; hence transitional arrangements will be required for a period following closure of RMPP.

Until we can open the agreed new scheme for all, from 1 April 2018 a single DB Lump Sum Scheme will be made available to all employees who have worked for Royal Mail for a qualifying period. An enhanced DC pension scheme will be provided for employees during the qualification period. Key features of the proposed transitional arrangements are set out below:

DBCBS lump sum scheme, from 1 April 2018	
Eligibility	RMPP members. Other employees who have completed 5 years' service in Royal Mail Group (1 year in the nursery scheme and 4 years' contributions to the DC plan)
Pensionable pay	As for the current RMPP Section C definition, except Section B members will retain their current definition.
Contributions – members	6% of pensionable pay
Contributions – employer	15.6% of pensionable pay
Guaranteed Lump Sum	19.6% of pensionable pay, plus annual revaluations once awarded
Target revaluation before retirement	CPI +2% per annum
Lump sum tax-free subsidy	Scheme would be a section of the RMPP, so that members can take tax-free cash from the DBCBS, and avoid commuting existing DB pension
Normal Retirement Age	65, although benefits will be payable from 60 without reduction if taken with existing NRA60 pension benefits
Lump sum on death in service	4 x pensionable pay

Dependants lump sum	Additional 2 x pensionable pay
Ill-health benefit	50% of pensionable pay, less State benefits, payable for up to 3 years, plus a lump sum payment at the end of the 3 years, plus payment of accrued benefits.
Improved DC scheme, from 1 April 2018	
Eligibility	12 months' service (employees with less than 12 months service are in the nursery section with the statutory level of contribution)
Pensionable pay	Actual basic pay (as for current RMDCP)
Auto-enrolment	Members will be auto-enrolled at the top contribution tier
Contributions – employee	6% of pensionable pay (members can opt to pay 5% or 4%, with lower employer contribution)
Contributions – employer	10% of pensionable pay (new top tier contribution)
Other	All other aspects of the DC scheme will remain unchanged

It is recognised that employees' pension arrangements and choices will become more complicated in future particularly in relation to NRA65 benefits payable on retirement from RMPP. As part of setting up the proposed future pension scheme, we will therefore investigate how we can best support members make their choices. While we work to get the future scheme established, transitional support arrangements will be put in place. RMPP members during the transition period who take their NRA65 benefits and leave the Company (at any age) will receive from the Company a payment of £750 (which will be subject to income tax and National Insurance contributions) which they can use towards the cost of obtaining financial advice on retirement. The payment will be replaced in due course once advice services for RMPP members are in place

Because employees service prior to 2012 has transferred to the Government backed RMSPS, then in order to work efficiently in the longer term the DBCBS proposal requires Cabinet Office approval to some rule changes to the Royal Mail Statutory Pension Scheme (to permit the most efficient extraction of the 25% cash lump sum which over 90% of members take on retirement). The Company is actively discussing these changes with Cabinet Office.

As a consequence of the closure of the current DB scheme it will be necessary to amend certain other collective agreements, in a way that is consistent with the spirit and intent of those agreements to reflect that the scheme will no longer pay augmented benefits on redundancy or ill-health.

Both parties agree that the CDC wage in retirement and lump sum scheme provides the opportunity for the best affordable pension outcomes for Royal Mail employees and we are committed to doing all we can to ensure that the appropriate regulation is put in place to enable this opportunity. In the light of the current debate about CDC pensions and the Work and Pension Committee's ongoing inquiry, both parties recognise that as well as seeking full enactment of the 2015 Pensions Act we will also pursue a fast track

amendment to current pension legislation to enable the introduction of our new scheme in RMG. There will be a constant review through the Steering Group as we also develop the new governance structures for the new scheme (i.e. Steering Board, Scheme Design Group, Legal Group, Lobbying Group). After 12 months a judgement will be made on the likelihood of the new scheme being introduced within reasonable timescales or whether we re-open talks to develop a new resolution for pensions.

12. Pay

RMG is committed to providing good, secure and well-paid jobs with benefits that build loyalty and commitment. Improved pay is an essential part of a package that affords standard of living security and creates the right climate to encourage and prepare employees to deliver the growth agenda.

Both parties recognise the continuing effort and support of our people to the constantly changing business in the face of ever stronger competition, increasing customer requirements and a change in the balance of our product mix between letters and parcels is key to our on-going success.

The following increase has been agreed for all CWU represented grades:-

- With effect from the 2nd October 2017 for weekly paid employees (1 October 2017 for monthly paid) an increase of 5% on basic pay rates or salary, basic pay supplements, skills and unsocial hours allowances, London weighting and Scottish Distant Islands allowance, overtime and scheduled attendance rates.
- A reduction in the working week of one hour from October 2018, subject to:-
 - A) Delivery of trials and an implementation plan informed by the outcomes of those trials for both Delivery methods and Resource scheduler (including hours capture) without pre-conceived outcomes.
 - B) Deployment of the last letter time of 15:30 (16:30 rural), as part of the implementation of a solution for the LAT products as detailed in section 15.
- In order to deliver an hour reduction for all grades in 2018, the functional leads from both Royal Mail and CWU will meet and plan for implementation from October 2018
- With effect from the 1st April 2019 for weekly paid employees (1 April 2019 for monthly paid) an increase of 2% on basic pay rates or salary, basic pay supplements, skills and unsocial hours allowances, London weighting and Scottish Distant Islands allowance, overtime and scheduled attendance rates.
- A further reduction of 1 hour in the working week to be introduced from the 1st October 2019, the funding formula for the hour will include a joint evaluation of

inflation as of the 1st April 2019, any implementation of changes from the trials, in sections 14 and 15 of this agreement, on-going efficiency, and other operational and technological changes). The shorter working week forum will review progress for plans to achieve the above objectives, ensuring they are on track and put corrective actions in place where not.

- The next pay review date will be 1st April 2020

In the case of two groups sat to one side of the main negotiations (i.e. PFW and Fleet technicians) details of their settlements are appended to this document.

Part timers conditioned hours will not change but they will receive a commensurate increase in their basic hourly pay rate when the hours reductions in the working week are introduced.

13. Shorter Working Week

Both parties agree that stealing a march on the inevitable is a key strategic planning need in employment security and that the Fourth Industrial Revolution should not be ignored. The pace of technological development is accelerating alongside the rate of change in the market therefore we recognise this may impact on traditional Royal Mail activities.

We jointly accept that shorter working full-time hours can assist in helping address a number of issues the business and its employees face around automation, resourcing, workloads, overtime and part time employment and our commitment to have a predominately full time workforce consistent with our existing agreements. Equally we agree that shorter working hours does not always translate into shorter working days but can be used to create inventive duties, structured in a mutual interest balanced way in regard to fair and manageable workload and efficient & effective duty patterns that fit future customer needs.

In the context of our shared vision to achieve the 35 hour working week it is agreed our joint commitment is that this will be completed by 2022, and before that date where further reductions are agreed in connection with technological and operation change and pay reviews.

The first hour is proposed as part of the current pay deal for October 2018 (outlined in pay section above with further detail in the functional sections below), based on achievement of the detailed enablers.

A further hour will be linked to the 2019 pay review as detailed in the pay section of this agreement.

The aim is to achieve the remainder through financial measures enabled by technological developments, operational efficiencies, methods changes and (where necessary) the annual pay review. We will jointly assess whether sufficient progress is being made and put all efforts towards ensuring the above measures enable a reduction in the working

week to that timetable. The nature of the changes means that different parts of the business may achieve the changes necessary for working time reduction at different times. We recognise there are different start points with different grades within Royal Mail Group which may require alternative and imaginative solutions to determine how the value of the change in working hours will equally apply to all employees.

New full time employees from October 2018, recruited either from existing employees or new recruits in the core OPG grade, will be on a 35 hour week at the current hourly basic pay rate with pro-rata allowances aligned to the current full-time conditioned hours. Additional hours performed through overtime or scheduled attendance for those employees on this new contract will be paid at single rate overtime until the total hours worked align to that of our current full time contracted employees. This will be adjusted as we progress through the SWW flightpath.

14. Strategic Review of the Operational Pipeline

In order to satisfy customer requirements and adapt to the changing market needs Royal Mail must evolve and change the operational pipeline to be in a position to attract and efficiently handle parcels growth whilst equally maximising the value of letters along with other products and services, whilst also building on and maximising Royal Mails unique reach and status within the UK as the USO provider.

Both parties are committed to expanding customer offerings and will work together to develop a future pipeline through a new Pipeline Forum, which will review how we can significantly grow Royal Mail's capability to attract new workload, develop new products and services, increase efficiency and revenues to ensure Royal Mail can prosper and thrive to deliver commercial success while meeting its social obligations and providing security for its employees. Both parties reaffirm our commitments to include an assessment of the impact of change on employees, as new opportunities are reviewed positively and at pace to meet the requirement of customers for new growth & product opportunities, in order to minimise this impact as much as possible.

A joint fundamental review of the pipeline will be undertaken to progress proposals on growth, to propose solutions to reduce the time to connect products and assess potential efficiency improvements through the national pipeline. Scenarios will be developed and evaluated for a 3, 5 & 7 year timeframe which will recognise developments in new technology, levels of required investment and opportunities for agreed new methods and efficient ways of working. This redesign will be based upon honouring our heritage, provide a wider scope for growth, enhance our operations and protect the six day USO.

This review will not be constrained by, for example, existing operational workflow, current technology, will pose options for enhanced flexibility and will seek to reduce nodes in the operation and extend Royal Mails delivery capability both earlier and later from 7 am to 7 pm to embrace greater AM opportunities and later parcel delivery and LAT's.

Improved collection services to support customer requirements and growth opportunities will be evaluated. These may include, but will not be limited to, parcel posting boxes, locker banks, doorstep collections, and a seven day service collecting from Customer Service Points & available post office counters and potentially future commercial customer collections.

The outputs and recommendations of the letters automation strategy, including the location and utilisation of machines across the Mail Centre and MPU estate, will be reviewed in line with proposed scenarios or solutions to accommodate parcels growth.

The jointly developed scenarios will include an evaluation of the impact of change on employees enabling both parties to jointly describe what the agreed future design of the job looks like in each function.

In order to build customer confidence in our service offering, we need to provide commercial colleagues with an outline operational plan that will support the product being offered in the immediate period which is covered in the Pipeline Changes section.

This will provide assurances to customers that Royal Mail has the pipeline infrastructure to provide both a reliable and cost effective service together with a robust platform to support product growth through a customer offering that as a minimum matches and ideally exceeds that of Royal Mail's competitors.

Core membership for the Pipeline Forum will be separately agreed with nominated subject matter experts joining the group as required.

Terms of Reference for the Group activity will be jointly developed and agreed.

15. Pipeline Changes to Support LAT Product Growth Introduction

It is recognised that current collection, arrival and dispatch times support and enable the current agreed duty structures and attendance patterns across all functions in line with the commitments contained in the BT 2010 agreement. Therefore it is agreed that we will operate within the current pipeline to manage business as usual, including reviews of current automation capabilities and plans using existing agreements until we reach an agreement around the longer term vision for the business and its employees.

To ensure we are able to connect as much as possible to the core delivery, we will introduce a new delivery specification of up to 15:30hrs last letter time for residential deliveries and up to 16:30hrs for rural in October 2018. This new specification will define the last letter times for a minimum of 3 years, though this period may be extended, subject to the outcomes of the strategic pipeline review.

Last Letter Delivery completion time will vary up to 15:30 for residential areas however the vast majority of letter deliveries will be planned to be completed by 15:00hrs with most by 14:30hrs. It is accepted that during this time period current core attendance patterns may vary, where jointly agreed, to accommodate new commercial product or growth opportunities within the core delivery period but it is agreed they will not go beyond the last letter completion time.-Delivery options for traffic that does not connect to core are covered off in section 15.3.

In order to take on new customer business whilst the pipeline review is undertaken, changes in the operational pipeline are necessary to connect as many parcels to core delivery in a cost effective way. The changes will be planned immediately and the deployment will be completed by October 2018.

Royal Mail has committed to a significant investment in the Pipeline to enable this growth opportunity through new products and services and win new volume in the competitive Parcels market. This will require changes in Processing and Logistics to efficiently accommodate workplan to maximise connectivity with Core Delivery duties. This may include changes in Network arrivals, surge capacity in processing (MCs & RDCs); some potential adjustments to wave 2 arrivals into Delivery offices, within agreed limits on start time changes, recognising our joint aspiration to mitigate the

impact as much as possible on Delivery Start times while maintaining current attendance/duty arrangements.

15.1 Processing (MC and RDC)

Royal Mail and the CWU confirm that new, Industry Leading LAT product offerings will be jointly developed and offered to a range of existing and new Parcel customers with a view to growing Parcel Volumes. A Midnight last collection time will be established with LAT traffic injected at the RDC locations no later than 01.30. Based on the latest market intelligence on potential customers the initial offer will be to establish the new LAT at NDC, NWRDC and YDC only although the offer may be extended to the other RDC or Mail Centre locations should there be customer demand.

Key to the success of this product launch is the early capture of traffic and the intention will be to achieve commercial agreements which promote the early despatch of available traffic while providing opportunities for customers to utilise the Midnight LAT for later available products. Equally consideration will be given to extending the LAT later where there is a potential customer demand and an operational solution is present, for example in circumstances where customers can provide a sortation of traffic on a geographic basis.

Processing arrangements will be developed at the RDC's to ensure that the LAT traffic can be processed at pace and despatched into the Network utilising where possible existing direct Network connections. To ensure that the vast majority of the traffic can meet core delivery operations, latest LAT traffic will be transported directly from the receiving RDC to the Inward Mail Centre.

Arrangements at the Inward Mail Centres will prioritise the efficient processing of the LAT items to ensure that this traffic can be conveyed where possible on Wave 2 Distribution services. Where this is not possible a range of options will be reviewed to convey these items in to Delivery Units. These may include the introduction of a Wave 3 Distribution phase to some offices, Milk Run services to multiple locations or DO Collection runs.

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

15.2 Logistics / Area Distribution

To maximise the number of items meeting core delivery a number of Network changes will be deployed (post Network review) to support the new Midnight LAT.

- Final Despatches from NDC to Mail Centres will be retimed later to 02.30 where connection with the revised Delivery specification can be achieved. These services will prioritise the conveyance of LAT traffic. Where this is not possible investment may be made in additional sprinter runs to convey LAT Traffic to meet core Delivery operations. These services will prioritise the conveyance of LAT traffic and will seek not to delay existing work streams.
- Sprinter or other appropriate services will be dispatched from NWDC and YDC initially by 0230 or 0130 in order to connect LAT traffic to as many catchment areas as possible. The timing will be dependent on customer take up and may be extended where appropriate to other distribution centres.

- Discussions will agree the appropriate parent office for the sprinter services taking into account the availability returning traffic, site congestion, vehicle utilisation and the aspiration to create the most acceptable duty attendance patterns.
- The RCN Network will be retimed to 03.30 to capture the latest LAT traffic which will not meet core operations.

A review will take place at each Mail Centre to ensure that the existing Distribution Waves maximise the volume of LAT traffic.

The timing changes for Wave 1 despatches will be minimal, the expectation is that the volumes will increase, however Wave 2 despatches may be retimed to accommodate the new LAT traffic. A full joint analysis will take place at each Distribution Unit to assess any possible impact to current duty structures and develop solutions which meet our joint aspirations to maximise full time jobs, and provide the best possible earnings opportunities to match employee aspirations and work life balance.

15.3 Delivery

As part of the solution to support LAT products and ensure that changes to delivery duty times will be kept as minimal as possible, both parties have reviewed the data produced and refined some of the network scheduling to ensure as many products enter the pipeline at the most convenient time to ensure they connect on to the core delivery models.

It is possible, that further opportunities exist for improved commercial offerings for customers in terms of sort selection and access points into the network. This can ensure that products received later can be fast tracked to connect to Core Delivery operations and continue to mitigate the impact on the operational once up the path model.

The changes to start times outlined below, are to ensure we are able to connect as much as possible to the revised core delivery specification of up to 15:30hrs last letter time for residential deliveries and up to 16:30hrs for rural, recognising there will be a range of finish times across the Delivery estate. Upstream activity for the pipeline changes has been able to ensure the impact on individuals attendance will be as follows:

- For 1023 Delivery Units there is no change to delivery duty times as a result of the LAT product.
- For 123 Delivery Units there is a change of up to 15 minutes to the delivery duty times as a result of the LAT product.
- For 70 Delivery Units there is a change between to 16 and 30 minutes to the delivery duty times as a result of the LAT product.
- For 51 Delivery Units there is a change between to 31 and 45 minutes to the delivery duty times as a result of the LAT product, however the impact will be capped to a maximum of 30 minutes.

It is accepted by both parties that the above numbers are indicative based on the work undertaken to date to minimise the impact; however there may be further work that could mitigate the overall impact as a result of activity within each of the catchment areas.

In order to address the enhanced LAT product growth and the revised network arrival profiles, the subsequent delivery office arrival times will be given to the Delivery Leader to go through the detail with the Divisional Representative over a 4 week period. This is for verification to ensure that the plan minimises as much of the impact as possible on each unit. In addition they will for each unit within the criteria's above have to also factor in how the introduction of the 1 hour reduction in the working week will be implemented, as outlined in Section 16.1.1.

Once the above has been finalised, both parties will ensure that all employees will know the detail of the changes 3 months prior to deployment. This will then allow for an individual's circumstances to be addressed in line with existing Royal Mail policies.

In relation to the 51 Delivery Units capped at a maximum change of 30 minutes, it has been agreed to mitigate the change and ensure how this is capped and where possible reduced. This activity will be overseen by Delivery Excellence Director of RM and the CWU Outdoor Assistant Secretary.

For the mail that arrives in Delivery Units too late to connect with core delivery, the initial plans are that this will connect to circa 80 units, however this will gradually increase as volume grows which is currently estimated to mean circa 300 units will be included within the design plans. Further discussions will take place between both parties on the units selected and the requirement for additional units should the volume warrant further expansion.

As a result of the above it is agreed that these units must have a reliable resourcing solution in place throughout the week, Monday to Saturday that ensures that LAT mail is delivered on the same day it is received in the delivery unit. This solution needs to accommodate volume fluctuations throughout the year including peak periods.

Units will ensure that confidence and assurances can be provided to our customers that all LAT mail will be delivered on the day received through the options listed, but not limited to those below:

- Use of hybrid duties performing core delivery and LAT parcel deliveries
- Use of hybrid duties performing collections & LAT parcel deliveries
- Opportunity for P/T employees to increase their contractual hours
- Use of new duties and /or new recruits to deliver LAT parcels
- Realign existing non CDV van duties to accommodate later parcels
- Use of contracted Scheduled Attendances in line with current agreement
- Review of existing collection Scheduled Attendance and examine introduction of new duties to also include the delivery of LAT parcel traffic.
- Should resource shortfall be experienced, and where there has been a duty created to perform the LAT traffic, reserve duties could be rotated to perform afternoon LAT parcel deliveries
- If resource shortfalls for the LAT parcels still exist, agency resource will be used as an interim solution until a permanent resourcing solution is agreed as a last resort.

Use of the resourcing options above will ensure each affected unit has a reliable resourcing model to secure service to the LAT products that will provide excellent customer service, this will also include peak periods of the year, taking into account individual circumstances whilst understanding the need to provide customer service. Further discussions will take place in relation to how the product is delivered from autumn up to and including Christmas in all units.

Whilst these arrangements are in operation we will also in parallel work together to seek further improvements/adjustments to the LAT product offering, utilising the newly formed Pipeline Forum.

16. Programme of Operational Activity in 2018/2019

16.1 Delivery

RM and the CWU jointly recognise and support the "National Business as usual" initiatives to enable enhanced customer services, product growth and improve operational efficiency which are consistent with all National Agreements. The deployment of these initiatives will be supported through governance at the Joint National Delivery Group Meeting, as part of the future ways of working together linked to the revised work strands contained within the Integrated Delivery Programme.

16.1.1 Achieving the 1st hour Reduction in the Working Week

The jointly agreed approach in order to achieve the first hour reduction in the working week in delivery will be to assess existing resourcing to workload in units using PDA data as well as any changes to delivery duty times, which are necessary in order to support the enhanced LAT product growth opportunities.

Both parties have undertaken a review of the pipeline to mitigate as much as possible of the network scheduling which provides the enhanced LAT product growth in order to ensure that Mail Centre arrival profile and times for wave 1 and wave 2 which are based on being able to accept as much of new traffic later into the network and maintain on the core delivery model.

Using data which will be compiled nationally - IWT / PDA OA (Indoor Workload Tool / PDA Outdoor Actuals) both parties can jointly discuss and agree any gaps in workload alignment which will allow duties to be reduced by 60 minutes per week using the opportunity from the systems. Where this is unable to be achieved, then both parties will agree the necessary actions required to ensure that the reduction in the working week is implemented.

Both parties have agreed that using the data above will help retain centrally derived duty times and some element of control over how the reduction in working week is achieved. It should not be necessary for full scale revisions to ensure the reduction of the hour; however it is recognised that adjustments can be made based on local knowledge and through local variations to the working days across the week.

Revision activity will continue in units that have not had revisions for a significant time and where duties are out of balance, to ensure that the workload is being performed consistently on a fair and manageable basis and all products are being delivered to the agreed national specification, the units included in the programme of activity will be discussed between the Delivery Leader and Divisional Representative

16.1.2 Trial Activity to achieve the 1st hour Reduction in the Working Week

As part of the activity to achieve the 1st hour of the SWW and the first step towards the flightpath to achieve the 35hr working week in Delivery, a trial of automated hours data capture for colleagues as they enter and exit into the Delivery Office will take place, which will be governed by a jointly agreed terms of reference. These terms of reference will also consider the impact of how changes to the management processes may be enabled by "Resource Scheduler" based on agreed outputs and will determine the subsequent next steps for further deployment over and above the trial activity.

During 2018, a joint review and trial of "Delivery Methods" will take place against set success criteria through agreed terms of reference overseen between the Delivery Excellence Director of RM and the CWU Outdoor Assistant Secretary.

The methods to be trialled will be generated by both RM and CWU jointly including a mix of agreed proposals from both parties, with the detail of the operational methods, and the units to be included (8 units, 2 per Royal Mail Region).

In order to consider any potential efficiency improvements and the practicality of performing different methods, a number of trials (at least 4 alternatives) will take place commencing in March/ April 2018 for approximately 6 months to jointly evaluate and consider the following:

- Upstream presentation and levels of all mails including walk sequenced mail must be to an agreed level and quality standard on a regular/consistent basis.
- That all tasks have been undertaken safely, recognising the environment in the indoor operation provides the best opportunity for as many tasks to be completed, although it would not preclude outdoor methods being explored.
- Any new method must be simple to carry out and easy to understand based on the designated equipment utilised.
- Clarity on RM's D2D automation strategy, along with product delivery specification and cold/warm calling.
- Impact to job security, earning opportunities, duty structures and attendance patterns.
- What the future job design and length of delivery span is and what can be achievable and sustainable in the long term which will be subject to joint evaluation and detailed study involving ergonomic expertise.

A review period (October 2018) will determine the appropriate method or method(s) to pursue in the wider roll out beyond the trial sites, which will be subject to the New Delivery Agreement as outlined in the Future Job Design and Ways of Working section.

16.2 Processing (Mail Centres & RDCs)

Royal Mail and the CWU jointly recognise the mutual interest benefits that an efficient Processing operation across the Mail Centre and Regional Distribution Centre estate can deliver to both the company and its employees. A robust, effective operation with resource properly aligned to workload will provide opportunities to grow the business through new products and services and enable the operation to adapt to changing volumes and traffic mix. Royal Mail and the CWU jointly recognise and support that "Business as usual" initiatives enable enhanced customer services, product growth and improve operational efficiency.

Building on the robust processes established through the Trial Coordination Working Group, Royal Mail and the CWU will continue to support and trial and where agreed deploy new initiatives, method improvements and new equipment supported by

appropriate Terms of Reference. The timely progression of these initiatives will continue to be supported by the Trials Joint Working Group. Both parties also commit to a review of the status of recent and current agreed trial activity with the Processing and Logistics (RDC) functions to ensure that they progress towards agreed milestones and that the next steps are supported and addressed through governance at the Joint National Processing & Logistics Group Meetings.

16.2.1 Joint activity to deliver the 1st hour of the SWW

To enable a reduction of one hour to the working week, from 39 hours to 38 hours, a review will take place at each Mail Centre/ RDC. This review will be undertaken using the business's current planning tools and will be conducted in line with current resourcing agreements and will ensure that the reduction in working time will be deployed in the most effective manner while ensuring that full operational coverage is maintained across the 24 hour daily workplan while ensuring fluctuations in demand can be efficiently processed. We will jointly review the scope of current agreements that should assist efficient resourcing and also review, with the intention to improve, the standardised application of these agreements.

As defined in the resourcing section of this document, both parties recognise that in some locations resourcing arrangements are currently inconsistent with the standards defined in the agenda for growth and job security agreements, with regard to the resourcing mix. It is a joint aspiration to reduce the number of Agency/ Casual workers within our facilities and to enable this, a joint audit will take place at each Mail Centre/ RDC to establish the current resourcing mix. This audit will review of the current year round levels of agency/casual usage at each site and examine the root cause of use and agree alternative permanent employee resourcing options. This may include assessment of current and future required weekend resourcing requirements.

A joint national governance process will be implemented to ensure that resourcing arrangements in each Mail Centre and RDC adhere to agreed resourcing processes. Where needed resource will be re-aligned to ensure an appropriate level of fixed and variable hours are planned for over the 24 hour work plan to ensure fluctuations in demand can be efficiently processed.

16.2.2 Trial Activity to achieve the 1st hour Reduction in the Working Week

In line with the commitment for the 1st hour of the SWW in Processing (MC's, RDC's/WBC's), a trial of automated hours data capture and "Resource Scheduler" will take place. Further detail is provided in section 16.4.

To support the trial of new "Delivery Methods" upstream requirements and activity will be assessed, with solutions jointly proposed and tested, to improve the presentation of mail into Delivery Offices.

16.2.3 Collections

RM and the CWU jointly recognise and support the "National Business as usual" initiatives to enable enhanced customer services, product growth and improve operational efficiency which are consistent with all National Agreements across Collections. In addition new functionality and services to support parcels growth will be explored and outputs will feed into the Pipeline Review.

In relation to the operational activity, it is agreed that Royal Mail and the CWU will continue to progress with the postbox strategy to collect from low volume postboxes whilst on delivery. Future discussions will review existing criteria given current trends and projections on posted volumes.

Both parties recognise the variances in the way Collections workload is resourced, including by dedicated collection drivers along with delivery, distribution and processing colleagues. Both parties commit to a review of current arrangements to enhance efficient resourcing to workload which will cover all current resourcing solutions and comply with existing agreements across the relevant functions. This review will be completed by no later than October 2018 and ensure that all employees working within collections achieve the reduction of the first hour of the working week from this date.

In relation to future job design and ways of working, both parties agree that future operational arrangements must address changing customer requirements to ensure that the collections operation remains fit for purpose looking ahead to the next 3/5/7 years. It is recognised that some current joint activity within the collections function has tested previous thinking and it is now appropriate to reset the onward agenda. To assist this new terms of reference will be produced which cover the following subjects:

- Collection Hub Optimisation including a review of the criteria or options for the introduction and location of collection hubs and / or the retention of collections from Mail Centres on a geographic basis as appropriate.
- Enhanced Mail Preparation/Under the Roof activity to improve the flow of work into Mail Centres/Collection Hub network. This will include consideration of the allocation of Enhanced Mail Preparation(EMP)/Under The Roof (UTR) workload across the Mail Centre/ Collection Hub (Primary/Satellite) Network
- Review of Cross Functional working.
- Review of the Postbox Estate including opportunities for parcel collection points.
- New Products and Services including the use of technology enhancements

16.2.4 MDEC

Technology advancements in the MEARS system along with the letter decline in the last couple of years has seen a reduction in tasks being sent to the MDEC function for keying. Despite a reduction in the workforce, this hasn't kept pace with the decline in workload resulting in significant inefficiencies across the MDEC network. Our joint aspiration is to return to the efficiency levels previously delivered in the MDEC function and this may also involve looking at the viability of the current MDEC sites.

Royal Mail MDEC and the CWU are committed to continuing to work together to jointly address these inefficiencies as we deploy the Shorter Work Week (SWW). In recognition of the pay differential between the MDEC grade and other grades, there is a commitment to advance a 40 minute reduction of the SWW to be deployed from 2nd July 2018

subject to achieving jointly agreed efficiency of 950 Gross Tasks Per Hour (GTPH) with a further one hour reduction being implemented in line with national agreements from the 1st October 2018. The detail of the SWW implementation will include an element of uniformity and flexibility in line with optimal resourcing to workload.

The second full hour of the SWW will be triggered in October 2019 at the latest in line with the national agreement or earlier by achieving efficiency of 1000 GTPH. The exact timing will be dependent on the date of achievement. The SWW will also result in a commensurate increase in the hourly pay rate which will benefit all employees. The operational efficiencies will be achieved by jointly reviewing all current hours of attendance at all three MDEC sites and scoping all options to reduce hours to achieve alignment to workload. This will be completed in line with national agreements around redeployment, bumping and MTSF etc.

The national joint review will be undertaken by the Head of MDEC and CWU Headquarters, whilst drawing on local knowledge and expertise.

16.2.5 International (HWDC)

The International Operational Transformation Programme is a key component of our joint vision and agenda going forward. As part of that strategy both parties reaffirm our commitment to ongoing trial activity, the aim being to test Proof of Concept to support continued efficiency within the International Function while reducing overall operational costs, and providing the best possible earnings opportunities to match employee aspirations and work life balance.

Both parties agree to trial automated equipment including Autonomous Guided Vehicles and Parcel Sorting Machines supported by appropriate Terms of Reference. Ongoing discussions will also review further operational changes within the International Estate to accommodate growth which may include consideration of the transfer of import letters to Domestic Mail Centres.

16.3 Logistics

Royal Mail and the CWU recognise the crucial role that both Logistics functions, National/Network (LGV) and Regional/Area Distribution (MGV) play within the Royal Mail operational structure. To ensure that our operational structures remain fit for purpose it is essential that resource is effectively aligned to workload to ensure that customer requirements are met across the 24 hour daily workplan.

Equally it is recognised that both functions have distinct and separate agreed arrangements in relation to Terms and Conditions and Ways of Working. Both parties therefore reaffirm that route planning and driver duty construction will continue to fully adhere to the terms of our national agreements including the National Agreement on the Creation of the Professional Driver (PDA), Future of Area Distribution and the Professionalising Area Distribution Agreement (PAD).

Both parties recognise changes in the logistics market and evolving customer demands. Given this, a joint review of our current agreements will be undertaken to ensure that they remain relevant and provide improvement opportunities to maximise growth, improve customer and operational connectivity, and optimise vehicle utilisation.

16.3.1 Logistics - Network LGV & Area Distribution MGV

Royal Mail Logistics and the CWU jointly recognise and support the need to review and optimise the national and distribution networks to ensure that they can meet both the challenges of the ongoing changes in volumes and traffic mix and are able to meet the demand for new, innovative LAT product offerings.

16.3.2 National Network Review

Following ratification of this agreement, both parties commit to progress to local engagement for the National Network Review. It is anticipated that local negotiations will commence by the first week in April 2018. In line with the processes jointly developed in previous National Revisions, agreed Resourcing Guidelines will be established as an annex to this agreement to assist local discussions and progress to an early deployment.

Both parties recommit to the principle of a single annual National Network Review and reaffirm our joint commitments to job security, maximising internal resourcing options and a reduction in the reliance on agency or external resource. The review will be undertaken using the businesses current planning tools.

Equally both parties recognise that the operation must react at pace to changing customer demand and traffic volatility and as such out with National Network Reviews, "Business as Usual" (BAU) changes will continue to be progressed and deployed in line with the processes contained within the National Agreement for the Implementation of the Road Transport Directive and the Introduction of the Professional Driver (PDA).

To ensure stability and whilst understanding BAU changes will occur in individual VOC's, it is agreed that exceptionally where any further significant revision activity between national reviews, not specifically classified as BAU is proposed it will be presented to the Network Working Group for consideration prior to any approach's at local level. This will include the deployment of the proposed network changes to accommodate the introduction of the new commercial LAT product offerings and will be in line with customer demand.

16.3.3 Joint Activity to Deliver the 1st Hour of the SWW

For Network LGV Drivers both parties confirm that the deployment of the Network Reviews will meet the efficiency requirements to deliver the first hour reduction in the Working Week.

In addition Professional Drivers based at the agreed Automated Hours Data Capture (AHDC) sites will participate in the trial activity as applicable. Both parties recognise that current Working Time arrangements for Logistics LGV Drivers vary significantly from the Royal Mail OPG Grade.

The manner in which the SWW will be deployed for Network LGV Driver Grade will be the subject of detailed discussions to ensure that the reduction or equivalent benefit is delivered in full. These discussions will consider a full range of options which may include a review of non-driving time and current Meal Relief provision and the restoration of payment for Meal Reliefs on a phased basis in accordance with the flight path to the 35 Hour Working Week for OPG Grades. A final agreed position will be concluded and communicated by September 2018 including any proposed changes which will be incorporated in Network 2019 by April 2019.

Regional Logistics - Area Distribution (MGV)

16.3.5 PAD Revisions

Both parties recommit to the principle of a single annual revision in each Distribution Unit and reaffirm our joint commitments to job security, maximising internal resourcing options and a reduction in the reliance on agency or external resource. The review will be undertaken using the businesses current planning tools.

Equally both parties recognise that the operation must react at pace to changing customer demand and traffic volatility and as such, "Business as Usual" (BAU) changes will continue to be progressed and deployed in line with the processes contained within the PDA and relevant national agreements.

16.3.6 Joint Activity to Deliver the 1st Hour of the SWW

For Area Distribution MGV Drivers both parties confirm that the deployment of a PAD revision in 2018/19 will also incorporate the change necessary to deliver the reduction in the Working Week in October 2018. Given this to ensure that distribution changes are complete and align with the changes in delivery units it is anticipated that this activity will conclude by October 2018. In addition Professional MGV Drivers based at the agreed Automated Hours Data Capture (AHDC) trial sites will participate in the trial activity as applicable.

16.3.7 Network Scheduling Tool

Royal Mail has been evaluating a replacement technology for the current Paragon Network Scheduling Tool. Both parties commit to full engagement on the proposed new scheduling tools including a full evaluation of the capabilities and potential benefits it may present with regard to improved, effective Network scheduling within our current agreements.

16.3.8 Career Path

Royal Mail Logistics and the CWU continue to build on our mutual interest vision with a joint determination to reduce current agency levels and understand the root cause of current usage and propose alternative solutions to resource with our permanent colleagues. To assist the further reduction of agency usage and to ensure that there is an available internal resourcing pool it is agreed that the Driver Career Path to LGV and MGV roles will be expanded.

This activity will assess the feasibility and options of establishing a flexible resource pool for LGV and MGV drivers from permanent colleagues. Options will include but are not limited to a reserve driver pool residing within processing and delivery, or alternatively a flexible pool of drivers within Logistics.

16.4 Automated Hours Data Capture (AHDC)

A trial of Automated Hours Data Capture will take place in Processing at Greenford Mail Centre, PRDC and at Northwood and Hemel Delivery Offices. Trial activity will involve the application of an active automated system for recording entry and exit onto the working floor in Mail Centres/RDC's and entry and exit to the building in Delivery Units. The trial will review and confirm the most appropriate active hardware solution for the capture of hours. It is confirmed that this new technology is not being introduced to track individuals or to be used for individual performance management.

The trial activity will be supported by a Terms of Reference and the outputs will be reviewed nationally. The outputs of the trial will inform the solution and a deployment plan with the appropriate management, CWU rep and colleague guidance for operational use will be established.

16.4.1 Resource Scheduler

Royal Mail has been developing new automated software/technology for aligning resource to workload. Both parties commit to full engagement on the proposed new Resource Scheduler including a full evaluation of the capabilities and potential benefits it may present with regard to improved, effective resourcing within our current agreements across both the Processing and Delivery functions. Trial activity in relation to the Resource Scheduler will take place at the AHDC trial sites and include one MC per Royal Mail region and will be supported by a terms of reference. Following the trial a deployment plan will be jointly established incorporating any learning points and guidance. Discussions will also establish the potential impact on current Book room/Admin roles and inform any relevant measures to manage any transition to a more automated system.

16.4.2 Other Royal Mail Business Units/Functions

Both parties recognise that change activity will be required in Business Units/ Functions not explicitly detailed above. Further national discussions will agree an appropriate program of initiatives for each area to ensure that the reductions in the working week or equivalent benefits are delivered in full for all CWU Grades within the negotiating group covered by this agreement to the agreed timescales.

17. Data Usage

Both parties recognise that new technology will improve Royal Mails performance and the service we provide to our customers. It is agreed that all individuals have a right to privacy at work and it is accepted that there is a mutual obligation of confidence and trust applied to every contract of employment and that all parties should act in a way so as not to break that relationship.

The use of data will be in the spirit of our agreements. It is recognised that the use of technology may increase levels of individual visibility and it is agreed that this new technology is not being deployed for, or will be used as, a disciplinary tool. As such it will not enhance the ability of managers, or the evidence available, to take disciplinary action.

Access to the data will be strictly controlled and only in exceptional circumstances would it be appropriate for the data to be reviewed in relation to a disciplinary investigation. In such circumstances, managers will need to gain prior written authority from the appropriate senior IR / HR Professional who will certify whether or not the use of data is consistent with the above commitments.

18. Delivery Methods

Royal Mail and CWU agree to support the trial activity of alternative delivery methods including the upstream activity and specification required from processing and logistics. This will include activity referenced in 16.1.2 and 16.2.2, and in addition how the unaddressed door to door product is automated and/or manually collated in order to

enhance the delivery operation. A cross functional working group will ensure alignment of activity to positively support the trial activity and development of the future deployment plan.

19. Future Job Design and Ways of Working

19.1 Processing and Logistics (excluding Fleet and MDEC)

Both parties recommit to build on our mutual interest "joint vision" for Processing and Logistics defined in the Agenda for Growth agreement. To this end we will jointly agree opportunities for ongoing training and development opportunities for employees, transparent approaches to future standard operating procedures, resourcing and manpower planning.

Equally we will work to develop and trial new and inventive duty arrangements which balance employee aspirations with our commitments to effectively and efficiently align resource to workload. This activity will consider and explore arrangements which may include more flexible approaches to resourcing across the working week and matching seasonal fluctuations in workload, while seeking to maintain earnings expectations. Within this we will look to evaluate opportunities to maximise choice in leave arrangements while balancing the needs of the customer.

In Processing, Collections and Logistics both parties recognise that creating a collaborative, empowered working environment and culture is key to the success of the operation. We remain committed to creating a mutual interest approach, shared sense of purpose and an enhanced understanding of the needs of the operation and the customer. In building on this commitment, activity will develop, agree and deploy more collegiate approaches to problem solving and identifying improvement opportunities in the workplace. This will be against a foundation of established standard operating procedures, planning values and work measurement. This will enable tailored support for our frontline colleagues with measured training interventions that provide opportunities for the sharing of best practice and learning for the future. A mechanism for local process improvement and sharing best practice within a standardised framework will be jointly developed and deployed.

Both parties further commit to a joint review of Processing, Collections and Distribution operations by the end of September 2018 to include:

- A review and develop a joint understanding on efficiency and productivity measures and the manner in which they are applied in Processing & Collections. This review may utilise respective Industrial Engineering expertise.
- Consider what future Processing & Collection jobs will look like and the enablers for a potential shorter working week and a 35 hour full time role.
- A review of all automated products and machine capability to ensure that there is optimum utilisation of the existing equipment and to test the suitability of existing and future equipment to meet evolving customer needs and product specifications.
- The current parcel automation strategy will be reviewed to consider the learnings from the trial activity, any impacts on operational ways of working, and the deployment plan.
- The specification and requirement for future machines and locations to support the parcels growth strategy will also be evaluated.
- A review of Mail Centre activity should seek to enhance optimum 1st Wave Letter Sequencing and review the requirement to sequence remaining Wave 2 letter volumes without artificially delaying arrival patterns in delivery.

- An RDC strategy will be developed to review the potential to smooth and accelerate products through the pipeline and into delivery. This activity will consider the evolving role of the RDC's as an integral part of the overall parcels processing capacity supporting the growth agenda. Evaluate opportunities to maximise choice in leave arrangements while balancing the needs of the operation.
- A distribution strategy will be developed to include a review of current agreements and enablers of the Shorter Working Week as detailed in section 16.3

In Logistics activity should look to maximise opportunities that Royal Mail can realise through the use of the largest vehicle fleet in the country. Activity should continue to build on the progress made through the joint activity on commercialisation of Empty Legs to review any growth opportunities in the wider Logistics arena, both in the LGV and MGW areas.

Both parties will re-examine opportunities to utilise spare RDC capacity within current or new Logistics markets. In particular, the concept of Forward Stock Holding should be explored, to avail industry leading bespoke delivery options based on a reduced order to delivery time.

19.2 Evaluations to potentially enable further hours for the SWW

To support evaluation of potential enablers for the flight path for reductions in the working week beyond the first hour, Royal Mail and the CWU will jointly develop, plan, trial and evaluate new and inventive duty patterns. In considering options, both parties will review the outputs of the trial activity on Resource Scheduler to ascertain where improved data can better inform the resourcing process and enhance the quality of our resourcing meetings.

Resourcing options will be consistent with our commitments to effectively align resource to workload, meeting customer needs while balancing employee aspirations on earnings packages and attendance patterns which provide work life balance and maximise opportunities for choice in leave selection.

A guiding principle will be the prioritising of internal resourcing options and the reduction in the reliance on agency/casual resource. Options may consider arrangements such as flexible working across the week and adjustments to match seasonal variations in workload. Any agreed trial activity will be supported by appropriate Terms of References and reviewed nationally prior to wider deployment.

In addressing all of the above principles, both parties have agreed that these can be the enabler for further reductions in the working week across all Processing and Logistics functions. (In line with section 13)

19.3 Delivery

19.3.1 New Delivery Agreement

Both parties recognise that customer requirements regarding, quality of service, value for money and greater flexibility for delivery of products and services is something that will have to be factored into future ways of working and the new Delivery Agreement.

In addition it is jointly recognised that both parties believe further work is required to provide more accurate resourcing against workload fluctuations in order to reduce the tensions associated with lapsing and absorption and how it is applied, whilst increasing fairness in the workplace.

As such both parties agree to jointly undertake multiple delivery office visits and conduct listening sessions with frontline staff in order to examine, trial and evaluate both job design and how new and improved ways of resourcing to workload can be developed. This will balance the needs of the customer and maintain service provision, alongside the needs of employees and the business.

Future changes to the delivery function and the ways of working will be derived from the trial activity and from the delivery office visits, with the outputs incorporated into a new National Delivery Agreement aiming for planned introduction commencing early 2019, during this period all existing National Agreements, Joint Statements and Guidelines will be applied. The following principles will be contained within it:

- What a job looks like within delivery to ensure that the commitments within the Agenda for Growth agreements with regard to predominately full time, both in terms of attendance patterns and duty construction in order to facilitate the delivery of products between 7am and 7pm.
- We will jointly work on delivery job design and review current attendance patterns to maximise full time employment and efficient duty structures that create innovative attendance patterns, whilst also building on the commitments contained within BT2010 Agreement to reduce the number of Saturday attendances for all individuals, whilst achieving the compliance to delivery specifications, and provide the best possible earnings opportunities to match employee aspirations and work life balance.
- Given the forthcoming changes to the planning tools available relating to Automated Hours Data Capture, Final Mile Optimisation and PDA Outdoor Actuals, it will be agreed how these will be used, who has access and what will the information produced by any system(s) be used for, frequency of when revisions and/or structural change takes place.
- At all times both parties must ensure that the key principle is that we jointly guarantee that all individuals perform the delivery role working safely. As a result the technologies above and the increase of data and visibility across the working day this will provide, both parties have agreed to explore how this will be applied on the basis that all paid for hours are worked, the Job has been done properly, with the correct use of equipment, the taking of Meal Reliefs whilst also ensuring that no unpaid for hours i.e. early starters has taken place.
- A full joint training programme on all future operational changes will be jointly developed and rolled out, utilising both RM and CWU trainers.

- In exploring revised resourcing models we must ensure that the reference to fair and manageable workloads, any lapsing and absorption that takes place is fair, enhancing customer and operational route certainty and consistency, and addressing the variance between weekly and seasonal hours. Both parties are committed to ensure that tangible and credible actions that support and achieve these principles are achieved, and that these outputs are both visible and auditable.
- A review of the existing Delivery Office Closures/Mergers Agreement in relation to closures and mergers, and how this fits with the overall discussions and debate around efficiency and providing excellent customer service, whilst also taking into account the impact on customers and employees affected.
- Resourcing to workload principles are successfully embedded in every unit and that agreements are being complied with. This includes Annual Leave provisions and Filling of Vacancies at Delivery Offices, which puts in place a robust review process in order to ensure that this is monitored.
- The role of the CWU within Weekly Resourcing meetings and their involvement in the day to day operation of the workplace, which will include and establish the status of the CWU Representative within the unit/area.

In addressing all of the above principles, both parties have agreed that the introduction of a new National Delivery Agreement can be the enabler for further reductions in the working week across all Delivery Offices. (In line with section 13)

20. Legally Binding Agreements

In 2014 RMG and CWU made a new agreement, the Agenda for Growth. This agreement describes itself as:-

This is a ground breaking agreement which for the first time in the UK incorporates unique legal elements into a collective agreement demonstrating our joint commitment to delivering long term success in the interests of customers, employees and the company.

By entering into this CWU were seeking confidence in future job security for its members. In turn, by providing that security RMG were seeking to ensure it became possible to have conversations on every aspect of business and change to maximise on opportunities and not discount potential growth without first having a proper dialogue. This remains vital to the agreement remaining live and relevant in an ever changing marketplace, where dynamic changes may force us to jointly re-evaluate our ways of working and customer offerings. It remains the aim of both parties to meet these two objectives, giving confidence to our people and confidence to the business that considered and discussed change is at the heart of the relationship to support growth and protect the current business and jobs.

Given the commitment demonstrated by this agreement it is agreed that both parties will enter into a joint review during 2019 which is overseen by a jointly agreed independent chair and is based on the approach for the review set out in the Agenda for Growth . Any adjustments agreed as necessary coming out of the review will not be

implemented until October 2020. It would then be the intention to refresh the Legally Binding Agreement with any agreed amendments to 2022, with scheduled reviews thereafter.

Negotiators Settlement

Appendix A

Fleet

Royal Mail and the CWU are committed to expanding customer offerings to strengthen the internal service provided within Royal Mail and enhance our external customer offering.

We will agree a framework of activity to enable provision of an easily accessible, flexible service to Royal Mail and external customers to ensure Fleet is able to win new business, increase revenue, grow the Royal Mail Fleet operation and aim to develop industry leading terms and conditions of employment.

The framework will be developed using the following building blocks:

- **Remuneration**– We will review all aspects of remuneration to develop an overall package which provides the best possible earnings opportunities to match employee aspirations ,which appropriately encourages and rewards employees. We will also jointly explore the opportunity of a self-funding incentive scheme that will link to the profitability, efficiency and growth of our Fleet operation in a commercial environment. We will agree an approach to address the implications of the shorter working week for remuneration and attendance patterns.
- **Standardisation and Flexibility** – Attendance patterns need to support our ability to grow and to pursue new commercial opportunities, minimise the level of maintenance work completed by external contractors and provide greater flexibility for employees. We will review attendance patterns and duty times to develop a range of duty options that will support appropriate coverage across 7 days. Duty sets that are appropriately resourced should have sufficient flexibility to meet the current needs of customers and to adapt quickly to meet future customer requirements.
- **Career Path and Upskilling Opportunities** – We will review the roles and responsibilities of shift supervisors, technicians, apprentices and administrators and develop a structure that outlines both a career path for those wishing to progress through the grades and a skills portfolio that encourages employees to maintain, update and refresh where required their personal skills profile.

A joint working group will be established with immediate effect to support progression of this activity, with the aim of completion within a 3 month period.

Going forward Fleet will again operate as a separate pay bargaining unit.

APPENDIX B

Parcelforce Worldwide

Introduction

Parcelforce Worldwide operates in a competitive market place and both parties recognise the importance of a mutual interest approach to achieve an effective industrial relations environment to move the business forward.

Parcelforce and the CWU have continued to benefit from the stability that the mutual interest culture of the Table of Success approach provides to our working relationships at national, regional and local level. This has allowed us to progress with key commercial initiatives against a challenging background, and pave the way to move forward together and implement activities at pace that are critical to the ongoing success of the business following the conclusion of this agreement.

Both parties are committed to strengthening relationships further at all levels of our respective structures to maintain the improved culture and behaviours that working to the Table of Success principles has generally provided across the business. We will continue supporting the highly successful and productive model of Table of Success joint working group activities. We also need to ensure that regional and local strategic involvement meetings and weekly resourcing meetings take place in line with our agreements, as these provide the foundations for building trust and openness in building positive relationships and engagement in the workplace.

Separate Bargaining

It is recognised by both parties that this agreement signals the retention of the separate pay bargaining going forward for Parcelforce Worldwide. The market in which PFW operates is significantly different within the group as is the operating model and terms and conditions of its employees. The ability to negotiate independently is critical to the ongoing ability of PFW to both compete and grow and must have the freedom to respond to those challenges within the context of which it operates including the working practices and terms and conditions of its employees.

Equally though both parties recognise that the discussions culminating in this agreement have covered a number of issues which have had Royal Mail Group wide implications. As such for the duration of this agreement levels of reward mirror against those of equal value in the wider agreement.

Pensions

Both parties recognise that the pensions solution defined in the Royal Mail Agreement covers the whole of Royal Mail Group and will apply in full to all Parcelforce, CWU Grade Employees.

Pay Elements

Recognising the continuing achievements and support of our employees in responding to the challenges resulting from a highly competitive parcels market and increasing customer requirements, Parcelforce Worldwide proposes the following:

With effect from the 1st October 2017 an increase of 5% on basic pay rates or salary, national and skill/ unsocial hours allowances, London Weighting and overtime and scheduled attendance rates.

- A reduction in the working week of one hour from October 2018, subject to:
 - a) The full deployment of Route Excellence (REX)
 - b) The commitments to jointly develop and trial revised planning values and productivity measures to ensure that our operational structures remain relevant, fit for purpose and properly align resource to growth in workload in line with our mutual interest commitments.
 - In order to deliver an hour reduction for all grades in 2018, Parcelforce and the CWU will meet nationally to plan for implementation from October 2018
 - With effect from 1st April 2019 an increase of 2% on basic pay rates or salary, national and skill/ unsocial hours allowances, London Weighting and overtime and scheduled attendance rates
 - A further reduction of 1 hour in the working week to be introduced in October 2019, the funding formula for the hour will include a joint evaluation of inflation as of the 1st April 2019, any implementation of ongoing efficiency and other operational or technology changes. The national parties will review progress for plans to achieve the above objectives, ensuring they are on track and put corrective actions in place where not.
 - The next Pay review date will be 1st April 2020.

Depot Resourcing in Line with Current Agreements -

To establish a stable resourcing base for the range of activity detailed below both parties are committed to a review of the current resourcing mix across the Depot Network. In line with the commitments contained in the 2016 Joint Statement on Depot Resourcing, joint activity is being undertaken to determine the current status in each depot and ensure that the agreed resourcing mix is re-established at each site. A revised template will be produced for each depot and the joint aspiration is that this activity will produce a fully resourced outcome across the depot network and also re-establish the agreed Mixed Resourcing ratios in relation to the C&D operation.

Activity to deliver the 1st Hour reduction in the Working Week.

C&D/Bulk Drivers

Route Excellence(REX)

The commitment to fully deploy Route Excellence (REX) enables the continued progression of the current REX Joint Working Group (JWG) activity within the terms of the existing framework. Building on the excellent joint engagement to date the ongoing activity will continue to address, resolve and agree solutions to the established range of existing, outstanding issues, such as road speed values, average drop times and collections etc., prior to deployment.

Both parties recognise that REX will restore Parcelforce to the forefront of the industry with regard to customer service levels, pre-advise and improved efficiency. As such it remains imperative that the operational processes and the mechanisms to deliver the benefits, currently being tested in the trial depots are fully developed and refined prior to full deployment.

Final arrangements will be supported by a deployment agreement defining the full criteria and will ensure that full training programs and support mechanisms are in place. Deployment across the depot Network will be progressed on a phased basis to ensure that full support can be offered at each site. The detail of the deployment plan will be agreed and circulated in advance and the plan will be monitored by the Table of Success, REX Working Group.

We recognise that the full deployment of REX will provide more accurate and current data, which is essential to the provision of enhanced customer notification and optimisation of routes. However it is recognised that the use of technology of this nature may increase levels of individual visibility. It is agreed that all individuals have a right to privacy at work and it is accepted that there is a mutual obligation of confidence and trust applied to every contract of employment and that all parties should act in a way so as not to break that relationship.

Equally the use of this data will be subject to the same agreed arrangements defined in the Intermecc CN3 Scanner agreement.
Planning Values

Route Excellence deployment will provide real-time data on a daily basis enabling PFW to respond to customer requirements by providing greater accuracy and visibility of deliveries. This has an impact on the ongoing relevance of the existing principles we use for route and resource planning.

PFW and the CWU jointly acknowledge that the REX trial activity has indicated that some current planning values may no longer be fit for purpose. Both parties therefore commit to a review of the current drop time fixed average planning value, with a view to establishing a revised value more indicative of actual operational circumstances.

The REX Joint Working Group with support from our respective Industrial Engineering experts will consider a range of options utilising data produced by REX. Considerations may include, using a data driven value based on either actual drop times or variable times dependant on route make up, i.e. Urban/Suburban/Rural. Consideration will also be given to revised times reflecting the different drop types and locations, such as separate values for bulk drops, collections or large sites with multiple delivery point.

All of the above activity will be progressed in a manner which supports the current agreed approaches in relation to the introduction of Driver Choice options within REX. Following this activity the JWG will make recommendations to the national parties on potential options for revised planning values which balance the requirements to effectively and efficiently align resource to fair a manageable workload in line with our mutual interest commitments

Productivity Measures

Parcelforce and the CWU agree that the productivity measures defined in current agreements are now outdated and are no longer supported by REX route technology. To ensure that routes are constructed based on a relevant and consistent basis and that productivity can be measured and managed in fair and transparent manner both parties commit to review the specific productivity measures in use within the business. This

review will consider data produced by Route Excellence and compare against current methodology.

In ensuring that any review is robust an analysis will be undertaken of indoor workload associated to C&D duties including the actual operational practices in regard to vehicle loading. This review will be overseen nationally and will be fully supported by our respective Industrial Engineering experts. The aim of the review will be to establish fair and reasonable productivity measures which are compliant both with the REX technology and our agreements on duty construction and Blueprint ways of working.

Both parties recognise that any agreed changes to planning values or productivity measures will require a review of existing agreements and updates to the relevant elements where required. The responsibility for this will sit with the respective Joint Working Groups under the direction of the signatories of this agreement.

SWW All Other PFW -CWU Grades

It is recognised that Hub Operative, Parcelforce Engineers and Clerical (CL5/CA5/POF/STY) Grades are on net working hours and detailed discussions will take place covering the manner in which the reduction of equivalent Working time or benefit will be delivered in full. These discussions will consider a full range of options which may include measures to ensure that the reduction in working time will be deployed in the most effective and efficient manner while ensuring that full operational coverage is maintained and a review of meal relief provisions and the potential restoration of payment for meal reliefs on a phased basis. A final agreed position will be concluded and communicated by September 2018.

Processing, Productivity Measures

Parcelforce have varied the way in which the business measures processing performance and the measures no longer use the same currency defined in our processing agreements. Both parties recognise that it is essential that we have a mutual understanding on the measures by which productivity is measured to ensure that resource can be effectively aligned to workload in a fair and transparent both with regard to current and future performance.

Discussions utilising Industrial Engineering expertise will assess the effectiveness of both previous and current measures with a view to establishing a new agreed productivity measure which can provide a basis for discussions on future processing resourcing best practice.

PFW Engineers

The PFW engineers are part of the same separate bargaining unit for CWU represented grades within Parcelforce Worldwide. The engineers are an important and integral part of maintaining the successful operation at the Hubs and Processing Centres and contributing to overall business results. Specific Engineering issues are jointly addressed through the PFW engineering forum. Conditional to the SWW reduction for PFW Engineers it is agreed that a new shift rota will be developed and implemented locally at the Hubs with duty structures that will be able to support the 7 day working operation across both Hub sites.

Activity to deliver further reductions in the Working Week.

The enabling criteria for the 2nd hour reduction in the working Week is defined in the Pay section of this document. However both parties will jointly assess whether sufficient

progress is being made and will put all efforts towards ensuring the measures below enable a reduction in the working week to that timetable which may provide potential solutions to deliver both the 2nd hour and subsequent reductions in the working week in line with the agreed flightpath defined in the Group wide agreement.

Resourcing

Principles

Both parties recognise the evolving nature of the Parcel Market and the ever increasing requirements of posting customers for 7 day service provision. A Joint review will therefore take place of our resourcing principles to ensure that the business can continue to effectively compete and match the service provision of our competitors.

Equally it is recognised that in some locations our current resourcing practices fail to provide adequate weekend coverage for existing workload requirement. Review activity will be guided by a joint aspiration to establish and agree more sustainable mutual interest, attractive resourcing options/solutions through joint national discussions.

A Resourcing Joint Working Group will be established to explore a full range of resourcing options, including consideration of alternative duty patterns focusing on the need to address current resourcing challenges across the week and provide more stable weekend cover where required. This will be part of a flexible resourcing approach, and will continue to take account of local earnings packages available. Any revised arrangements will recognise the considerable additional earning opportunities available during the Autumn/Christmas Pressure period and recognise both the contribution these arrangements make in regard to incentivising customer service at this crucial time but also the significant contribution to annual earnings for employees. Equally the importance of family friendly arrangements and work life balance is fully understood and arrangement will where possible avoid compulsion.

The JWG will provide recommendations on a range of resourcing options which may be available to both existing and new employees and those recommendations will be the subject of trial activity at a number of agreed sites. Options may include consideration of: Four day weeks, nine day fortnights, a notional value to weekend hours, weekend duties, rotations etc.

While this activity is progressing both Parcelforce and the CWU will identify current problem areas and review opportunities to provide interim solutions without prejudicing the ongoing activity.

Recruitment

Both parties recognise that Parcelforce offers industry leading terms and condition and should be able to attract and recruit experienced C&D Drivers from our competitors. However our current performance in this area is disappointing leading to an over reliance on the conversion of Agency staff where external recruitment is required.

A full review will take place of the recruitment processes to ascertain if there are barriers to recruitment which can be overcome. This will include a full review of way in which vacancies are advertised and the current timescales for the process from advertisement to appointment.

Apprenticeships

To ensure that the business provides excellent opportunities for advancement and to begin to address the current demographics of the business consideration will be given to the establishment of a direct entrant apprenticeship programme.

Sick Absence

Current levels of absence within Parcelforce are above industry standard. Both parties will therefore commit to a review of the current levels and consider potential opportunities to address contributing factors and restore levels of attendance.

Leave Arrangements

Both parties recognise current difficulties at some locations in relation to Leave allocation and in particular single days. Building on current joint activity a review will take place to look at opportunities to address the current problems and establish best practice providing employees with real choice in leave selection.

Growth Agenda

The 2012 Depot Expansion program created additional operational capacity for growth. However it is recognised that following the busiest Autumn Pressure period in 2017, since the Apollo Restructuring that the business now faces significant capacity and infrastructure challenges in relation to further growth opportunities.

Parcelforce and the CWU therefore agree to undertake a high level review of the business to assess opportunities to better utilise existing capacity, provide new products and services that can complement existing offerings and consider a full range of operation solutions which will include the outputs of the joint working on resourcing principles to ensure that the business can continue to successfully win business in an extremely competitive market.

Bonus Scheme Review

Both parties are committed to review the existing FTD bonus scheme and replace it with a scheme that better aligns to driving improved productivity and meeting performance targets. This agreement will allow us to take up the work already carried out by the Evaluation working group and address their recommendations to assist in developing a new Depot bonus scheme, whilst taking into account any opportunities that Route Excellence presents for future incentive arrangements.

Customer Review

Parcelforce Worldwide recognise that the customer experience behind the operation is even more of a key differentiator in the competitive parcels market.

Significant investment in technology has enabled PFW to start to deliver an enhanced customer journey with the support of the CWU, which has been welcomed by major account customers. The next step is to carry out a joint review of our customer service provision across the whole operation, which will be overseen by the Customer Services working group, to ensure that all customer processes and systems are completely joined up to provide the most professional customer experience.