

AGENDA FOR GROWTH, STABILITY & LONG TERM SUCCESS

Introduction

In the last three years we have achieved a lot.

To survive and prosper the 'Business Transformation 2010 and Beyond Agreement' set a challenge to radically transform every aspect of the Royal Mail Operation and this has been central to turning the fortunes of the company around. In Parcelforce Worldwide the approach we have jointly developed continues to support growth and an expanding network.

In the core operation employees have worked extremely hard to modernise the business and through our collective efforts we have established a solid foundation to build a successful and sustainable business.

The next step is to move beyond modernisation by creating and delivering an agenda for growth in what is an increasingly competitive and rapidly evolving communications sector.

Creating a business that can grow in this environment is a necessary and positive alternative to managing decline.

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.

The purpose of this agreement is to set out our strategy for growth, identify the key components of the growth agenda (See sections below) and the actions required to deliver it.

Section 1: Agenda for Growth – Future Strategy

Our approach to facing competitive challenges and growing new markets.

Section 2: Delivering Cultural Change

Creating the right people environment as the foundation for long term success.

Section 3: Legal Protections

Legally binding undertakings giving employees more confidence over their job security.

Section 4: Industrial Stability

A fresh approach seeking to resolve our differences in a timely and constructive way.

Section 5: Pay and Reward

A new improved pay package to encourage and prepare employees to deliver the growth agenda.

Section 6: Ongoing Programme of Work

Actions to support the implementation of this agreement including the operational approaches to delivery, processing, network and other business functions.

Appendix A: Legally binding contract between The Employer and CWU.

Section One - Agenda for Growth – Future Strategy

Introduction

The Royal Mail Group and CWU are committed to creating an Agenda for Growth by building on the shared vision of modernisation contained in the Business Transformation Agreement and working together in developing and implementing new business strategies covering the following:

Winning the Customers

All aspects of the business face more intensive competitive challenges. Some segments of traditional mail present the additional challenge of structural decline, whilst at the same time there are new opportunities for growth in the parcels market.

In both areas customers need to be our main focus - they have a lot more choice. To create a sustainable agenda for growth we will need adaptable strategies that balance price, product improvements, new service offers, capital investment, efficiently configured networks and infrastructure; and a trained, motivated and engaged workforce committed to an excellent customer experience.

The Universal Service

As the company develops its strategy to grow parcels in both the core letters business and Parcelforce Worldwide, it will also continue to focus on being the nation's universal service provider. The universal six day service is enshrined in legislation and the Royal Mail Group and CWU are committed to working together to develop strategies to grow and sustain the USO as a major contributor to the wider UK economy.

The Parcels Strategy

The approach to growing our share of the UK parcels market will be jointly developed in line with the following principles:

- Royal Mail and Parcelforce will operate in a complementary way as part of the overall Royal Mail Group. As now they will operate with separate networks with each building on their own excellent brand image.
- The focus of each network will continue to be broadly unchanged aligned to their market places: Parcelforce Worldwide will focus on express and large parcels and the core letters network will focus on small and light parcels as well as mail.
- As parcels grow in the core business, the overall resourcing model will remain broadly unchanged.
- Progress in developing plans to accommodate parcels growth and maximise the commercial opportunities this presents will be discussed between Royal Mail and CWU as a regular item at the Growth Forum and its subsidiary bodies. These discussions will take place at the earliest possible stages of development and before major investment decisions are taken. The specific topics to address as part of the parcels growth strategy will be:
 - The approach to parcels automation within the current core network, including trials and the roll out of new technology.
 - Further enhancements to hand held technology and software to meet increasing customer demands in this area.

- Assessing and reviewing the physical impact of these product mix changes across all functions.
- Assessing the impact of product mix changes between parcels and letters on employee workload and operational arrangements (See ongoing Programme of Work)

The Letters Strategy

Letter mail is and will remain a key part of the business. Plans about accommodating increasing numbers of parcels in our system must support the overall customer experience. Royal Mail and CWU will work together to develop the letters strategy to retain as much letters traffic as possible, this will include consideration of new initiatives to sustain the value of all types of mail in a digital world.

New Approaches to Improved Efficiency

In recent years employees have significantly increased their efficiency and through cooperation with major change programmes we have seen the prospects of the company improve.

The pressures on Royal Mail in a competitive and regulated environment mean that the need to maintain and improve efficiency is a constant feature in the day to day running of the business.

Efficiency is a prerequisite for growth and our ability to win new customers and contracts. Being efficient means the company can offer greater job security and will continue to be able to set the benchmark for pay and conditions across the UK Postal Sector.

In seeking further improvements to efficiency the RMG and CWU recognise that we need new approaches and greater understanding from managers and employees of the day to day pressures that each other face.

Under the terms of this agreement the route to greater efficiency will be supported by delivering cultural change in local workplaces. This is about building a climate of sustainable trust with a can do culture based on the involvement of employees in decision making and approaches to consensual change in the workplace.

The new approach to improving efficiency will cover the following:

- Royal Mail Group and CWU will work together to develop operational strategies and take responsibility together for delivering these at pace in the workplace.
- The introduction of new employee incentive arrangements by April 2014.
- A review of business wide efficiency measures to increase understanding amongst managers and representatives and ensure that workload measurement is increasingly accurate. (See ongoing Programme of Work)
- A review of how efficiency targets are set to increase understanding amongst managers and representatives and ensure these are realistic, achievable and sustainable in the workplace.
- A review of the operational work plan in accordance with the principles agreed in Business Transformation 2010 to be completed by June 2014.
- Building a greater understanding that efficiency is also about introducing more effective ways of working such as method changes as well as employee productivity.

Section Two - Delivering Cultural Change

In order to deliver our Agenda for Growth the culture within the business must change.

We must have a mutual interest approach to what makes a business successful, including understanding customer needs, what leads to meaningful employee engagement and how we improve efficiency, pay and job security.

To win customers we need to continually be fleet of foot in adapting and taking advantage of opportunities and this will only be achieved through a climate of trust that enables a can do culture to thrive.

The employee voice around the table should be heard at all levels of the business, hence the new arrangements to give the CWU greater input, influence and involvement in the overall direction of the company. However a voice at the table is not enough-the real difference will be made by actions in the workplace that reinforce the culture we aspire to.

The introduction of the following measures and Programme of Work will drive the direction for cultural change.

A Company Charter

In February 2014 we will commence the process of developing a company charter with the input of all stakeholders setting out the values and principles of what Royal Mail Group stands for. The intention is to complete this by June 2014

Employee Engagement

By the end of June 2014 we will conclude a review of all existing employee engagement initiatives and put in place new and more progressive initiatives that support our shared objectives, a mutual interest culture and leads to well-motivated and highly engaged employees. This review of existing engagement practices will also cover World Class Mail.

The Growth Forum

In January 2014 the company and CWU will launch at national senior levels the Growth Forum with attendees consisting of the leaders of our organisations. This is a critical step in bringing senior thinkers from both sides together to drive cultural change and implement in a timely fashion the new approaches outlined in this agreement.

The Growth Forum will initially meet on a monthly basis to review the competitive landscape as it relates to Royal Mail Group businesses, the financial targets and performances in each business area, capital investment projects already underway and planned projects to support growth and implementation issues.

The Growth Forum will jointly agree, oversee and manage progress on the Programme of Work and will identify practical ways of supporting the emergence of a corporate culture aligning the interests of customers, employees and the company.

The Growth Forum will take any necessary steps to keep the ongoing Programme of Work on track and resolve issues.

Training

By the end of February 2014 we will conclude a review of existing training initiatives and introduce joint programmes that will help develop the way we work together and underpin the fundamental principles of this new agreement. This new approach to training will be supported by unprecedented levels of investment.

New Governance Arrangements

The commitment to modify business structures in Section 4 of this agreement will also ensure that the voice of employees is heard through every level of critical decision making in the business. It is envisaged that this approach will also reinforce the emergence of a new culture.

Section Three – Legal Protections

1. Introduction

The purpose of this section of the Agreement is to set out the legally binding undertakings the Employer is providing to CWU on the following:-

- Legal protections giving employees confidence over future job security.
- Commitments made by the company in respect of the overall Employment Model and Corporate Business Structure that the Royal Mail Group Limited will operate under.

The legally binding undertakings provided by the Employer to the CWU in paragraph 2, are made as an ongoing commitment subject to paragraphs 3 to 7.

2. Legally Binding Undertakings by the Employer to the Union

The Employer gives the following legally binding undertakings to the Union subject to paragraphs 3 to 7:-

- 2.1. The Employer will remain a provider of the end to end service namely the collection, transportation, sorting and delivery of letters and parcels.
- 2.2. The Employer will not outsource, sell or transfer to a company outside of the Royal Mail Group any part of its business if to do so would result in any Employee being subject to the automatic transfer provisions of TUPE.

This means that Business functions including but not limited to Parcelforce Worldwide, Royal Mail: Delivery, Processing, Network, Collections, Engineering, Fleet & Maintenance Services, Royal Mail Specialist Services, Manual Data Entry Centres, Mail Screeners, Human Resources, Finance and Information Technology functions and Customer Experience continue to operate as part of the Royal Mail Group.

- 2.3. The Employer will not franchise out any part of its business, where to do so involves entering into any contractual arrangement with another person or company to carry out the collection, transportation, sorting and delivery of letters and parcels on behalf of the Employer and that results in an Employee becoming self-employed or employed by such a third party. The exception to this is the use in Parcelforce Worldwide of owner drivers in the proportions provided for by the Mixed Resourcing Agreement and Depot Blueprint Agreements.
- 2.4. The Employer will not engage any new Employee after the date of this Agreement on terms and conditions which are in any material respect inferior to the terms and conditions of employment of existing equivalent Employees of the same grade who are working to the same job description immediately before the engagement.

This paragraph does not apply to Employees who transfer to the Employer under TUPE. In the event of such a transfer, normal consultation and negotiation procedures will commence with consideration to applying the principles set out in this Paragraph.

- 2.5. No Employee will be engaged on a zero-hours contract. This means that every Employee will be employed under a contract of employment providing for mutuality of obligation, and every contract of employment will specify a minimum number of hours for which the Employee will be available for work and for which the Employee will be paid whether or not work is provided.
- 2.6. Nationally collectively agreed terms and conditions of employment as they apply to existing Employees shall not be worsened in any respect or changed, save where amended by agreement between the Employer and the CWU.
- 2.7. The terms of the Job Security, Resourcing and Managing Change Agreement shall remain in force, with relevant provisions amended as follows:
 - 2.7.1. The overarching objective will be for the Employer to deliver all future change without recourse to compulsory redundancy. To maintain this commitment, employees will need to be flexible and adaptable when considering reasonable and suitable alternative jobs and work locations.
 - 2.7.2. Full time Employees will remain full time unless they volunteer to move to part time hours. Part time Employees will be entitled to retain their existing contractual hours if they wish.
 - 2.7.3. Employees will be employed on permanent contracts, except where there is a genuine short term need identified by the Employer after consultation with the Union
 - 2.7.4. 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.

In respect of employees in Royal Mail Core Business Operations, Logistics and Network, Fleet & Maintenance Services, Royal Mail Specialist Services and Royal Mail International (Royal Mail) only, the following detailed resourcing principles will apply:

- 2.7.5. The overall resourcing model for the Employer's ongoing business strategy and its operations will continue to be based predominantly on full time employment supported by part time employment. The agreed resourcing mix will be reviewed annually and the employer will provide the CWU with quarterly data establishing the actual resourcing mix at a national and regional level.

- 2.7.6 Employees will not be employed on a temporary contract exceeding two years unless it has been agreed by the Employer and the Union that there are very exceptional circumstances. The position of temporary contract Employees will be kept under regular review, with a view to converting to permanent contracts where and when possible.
- 2.7.7 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.
- 2.7.8 The review due in October 2013 of the changes to the Managing the Surplus Framework terms referred to in paragraph 2.3 of the Job Security, Resourcing and Managing Change Agreement has been undertaken, the current terms have now been further extended and the next review will be in January 2015. In undertaking this review, the terms of the Managing the Surplus Framework shall not be subject to the legally binding undertaking in paragraph 2.6.
- 2.8 The CWU will continue to be the recognised trade union for the purposes of collective bargaining and individual representation in respect of the Employees for whom it currently holds bargaining rights. The terms of the Industrial Relations Framework regarding CWU representational structures, release, conferences and national briefings will remain in place unless renegotiated.

3 Exceptions

The Protection in paragraph 2.2 shall not apply to situations where:

- before the date of this Agreement, the Company has made proposals to the CWU, in writing, regarding the possibility of outsourcing, selling or transferring a part of its business to another company, or the parties have agreed, in writing, that it may do so; or
- Employees have transferred or transfer to the Company under TUPE and are engaged in the provision of services to a third party and the contract for the provision of those services by the Employer is subsequently terminated or comes to an end.

4 Scheduled Reviews

The commitments made by the Employer will be jointly reviewed by the Employer and the CWU in accordance with paragraphs 5 and 6 as follows:-

- 4.1 The first scheduled review will commence in January 2019 and will conclude by no later than 31 March 2019. As part of the review in 2019 the Employer and the CWU will agree the schedule of reviews thereafter.
- 4.2 The Employer confirms there are no plans to outsource the Human Resources, Finance and Information Technology functions, but reserves the right, in the course of normal business planning, to consider options for these functions and may initiate

a review at any time after January 2017.

Reviews will last for a period of no longer than 3 months from the receipt of a review notification by either party.

Before any review commences, the Employer and the CWU may take steps to obtain and evaluate relevant data to inform the review (without pre-determining the outcome).

5 Review Criteria

During any scheduled review period referred to in paragraph 4, the parties shall in good faith consider the ongoing Protections having regard to the following:

- the overall financial situation of the company;
- legal or regulatory requirements;
- postal sector and general market conditions;
- current and projected business performance;
- the conduct of industrial and employee relations.

6 Review Outcomes

Undertaking any review pursuant to paragraphs 4 and 5 above will not necessarily lead to any changes in the commitments made by the Employer. The outcome of a review will result in one or more of the following:

- 6.1 agreement in writing between the parties that any or all of the legally binding undertakings in paragraph 2 will continue;
- 6.2 agreement in writing between the parties confirming amendments to any or all of the legally binding undertakings in paragraph 2; or
- 6.3 If after considering the review criteria in clause 5 and after exhausting the External Mediation procedure (provided that this shall not extend the 3 month review period), the parties do not reach agreement, the Employer may terminate any or all of the legally binding undertakings in clause 2 upon serving one month's notice to the CWU.

In the event that the Employer serves notice to the CWU of termination of any or all of the legally binding undertakings in paragraph 2, the CWU may terminate the Agreement in its entirety on no less than one month's notice in writing specifying its reasons for doing so.

If any of the legally binding undertakings cease in accordance with Paragraph 6.3, the parties intend to enter into discussions in respect of alternative arrangements.

7 Exceptional Circumstances

- 7.1 The Employer shall be entitled to notify the CWU at any time that any or all of the Protections will no longer continue, if any of the following exceptional circumstances apply:
- a) if Royal Mail ceases to be the designated Universal Service provider;
 - b) in circumstances where, the Employer believes on reasonable grounds that continuing the Protection concerned would, or would be likely to, place the company in breach of, or result in the Employer being unable to comply with, any legal or regulatory requirement;
 - c) in the event that the Employer believes on reasonable grounds that any part of the business to which a Protection applies has ceased to be, or is likely to cease being, financially sustainable;
 - d) in the event that the Employer believes on reasonable grounds that a significant event or series of events has occurred, or is likely to occur that has a material adverse effect, or is reasonably likely to have a materially adverse effect on: (i) the Employer's business or prospects or (ii) the legal or regulatory basis on which the Employer operates (including but not limited to the Employer's position as the sole Universal Service Provider); or
 - e) if there is national-scale industrial action (in the form of a strike or action short of a strike) which has been authorised at national level by the CWU, namely industrial action which either (i) involves employees in the majority of operational workplaces across Royal Mail Group Limited; or (ii) involves employees in an integral part of the operation whereby taking action will have, or is reasonably likely to have, a similarly disruptive effect.
- 7.2 If paragraphs 7.1 (b) and/or 7.1(c) apply to one part of the Company's business but not to another, the Company's right to serve notice under paragraph 7.1 shall apply only to the part of the business to which paragraphs 7.1 (b) and/or 7.1(c) apply.
- 7.3 In the circumstances referred to in paragraph 7.1, the Employer must give notice to the CWU at least one month before the relevant Protection terminates (unless, in the reasonable opinion of the Employer, it is not reasonably practicable to do so) and specify why it is being given and to which of the Protections it applies.

8 Remedy

- 8.1 Where the CWU considers that the Employer is in breach of any of the Protections, it will give written notice of the alleged breach to the Employer. Following receipt of such notice, the Employer shall have a period of grace of four weeks (or longer if the CWU agrees) within which to remedy the notified breach prior to the CWU instituting legal proceedings to seek a remedy.
- 8.2 Paragraph 8.1 will not apply if the CWU believes on reasonable grounds that following a period of grace might place the alleged breach concerned beyond remedy.

8.3 Except where a disagreement may be referred for External Mediation in paragraph 6.3, the dispute resolution procedures contained in Appendix A will not apply to a disagreement about the termination of a Protection or the application of the Protections in paragraphs 2.1 to 2.3, 2.5, 2.6 and 2.8.

9. The content of this Section Three is given legally binding effect in the legally binding agreement at Appendix A.

Section 4 – Industrial Stability

1. Introduction

An essential part of our Agenda for Growth is to create the right environment for business success by delivering on our commitment to radically improve industrial relations. By doing this, we will be better able to resolve all disputes at pace and in a way that is beneficial to employees and the business thus creating industrial stability.

This will be achieved through the implementation of the following measures:

2. New Governance Arrangements

Royal Mail Group Ltd is one of the largest businesses in the United Kingdom. It acts, as all large entities, under the guidance of its Board, its Executive team, Operational teams at National, Regional and Local levels; and specialist and functional teams for specific areas and priorities.

To emphasise our joint commitment to creating industrial stability, it is proposed to modify these business structures to formally ensure that appropriate Union Representatives can become participating members in them. The CWU will have the opportunity to address the main Board on key business and Union initiatives on request. This is a new and unique model of participation designed to provide an unprecedented degree of access for the CWU to influence the strategic direction and decision making within the company. It will become a powerful opportunity to participate on a day to day basis in all of the affairs of the company.

As a starting point we will create parallel structures, with a view to evolution towards standing meetings as confidence amongst managers and CWU Representatives increases. The design and mandates of the parallel structures will be a key part of our ongoing programme of work. This unprecedented modification of the decision making structures within the company also implies greater responsibility and accountability for the Union and this will also be developed as part of the Programme of Work.

The aforementioned governance arrangements will not replace the Industrial Relations Framework or the rights of the Union to act as an independent organisation with collective bargaining and individual representation entitlements. Instead they should be seen as creating a higher level of involvement for the CWU in the business.

3. Relaunch of the IR Framework

It is agreed that the principles and processes in the IR Framework as agreed in March 1992 and September 1994 and equivalent business unit agreements will continue to apply to the overall conduct of industrial relations and the resolution of collective grievances and disputes in Royal Mail Group Ltd.

A priority will be to develop and implement a Joint training programme to professionalise all Industrial Relation activities. This will ensure all Managers and CWU Representatives understand their roles and responsibilities in abiding by National and local Agreements, and resolving differences through the agreed procedures with adherence to timescales and without either party resorting to unilateral action.

A key part of our ongoing programme of work will be to review managerial and CWU interfaces to establish authority levels, proper alignment, professional working relationships and generally raise the profile of Industrial Relations throughout the organisation.

4. Managing our Industrial Relations Processes

We have identified that in recent years there has been insufficient joint review of data on the conduct of industrial relations and this has resulted in variable standards and an inconsistent application of our agreed procedures

To address this issue and support a relaunch of all our Industrial Relations activities, we will establish enhanced roles and responsibilities for CWU Divisional and Territorial Representatives/Regional Organisers and the appropriate Royal Mail Managers to manage our industrial relations processes.

These parties will consider on a monthly basis the state of industrial relations by reviewing the appropriate data, and proactively identify good practices, training needs, the root causes of disagreements and disputes and agree and deploy appropriate solutions. It will also be their responsibility to jointly supply fact based data and reports to the national parties.

The detailed application of this approach will be concluded as part of our ongoing work programme.

5. New Processes to Strengthen Dispute Resolution

The existing IR frameworks will be supplemented by the additional dispute resolution enablers and processes as set out below:

5.1 Early Warning/Flashpoint Procedure

In addition to the approach set out in paragraph 4, we will develop as part of the ongoing Programme of Work, early warning/flashpoint procedures that can be triggered by local or area parties to alert Divisional Representatives or equivalent and the relevant senior managers of a serious industrial relations problem. These parties will then have the authority to agree appropriate measures, to be determined, to resolve the situation. These measures may include application of the Industrial Relations Framework where appropriate, or the new Mediation procedures.

5.2 Voluntary Mediation

Where both parties have identified that they are having difficulty in reaching agreement at any stage of the Achieving Local Agreement procedure, they may – including before the point of registering disagreement – jointly agree to use voluntary mediation to help reach agreement.

The purpose in doing this is to introduce additional expertise and fresh thinking in an attempt to find an agreed way forward and to reach agreement at the appropriate level in the organisation. Two mediators, one a manager and one a union official, will be drawn from a national panel, whose members will be selected by Royal Mail and the union and trained in mediation skills.

The parties agreeing to call in the mediators will set out their points of agreement and difference as clearly as possible and provide all necessary evidence and assistance to enable the mediators to do their job. The mediators will seek to bring the local parties together within a maximum of one week from their appointment and so enable them to reach agreement without referring the disagreement to the next stage in the IR Framework.

5.3 Special Mediation

Where despite the best endeavours of both Royal Mail and CWU, unballoted industrial action occurs, the Divisional Representative (or equivalent) and the Head of Industrial Relations will be immediately informed. They will work with the local representatives of both parties to identify the cause of the industrial action, resolve differences, return to work and if necessary engage in due

process. Unless there is an expectation of a quick return to work they will arrange for Special Mediators to be appointed.

The purpose of Special Mediation is to ensure an immediate return to work while issues and grievances are investigated. The mediators will be appointed from a national panel of managers and CWU officials. Panel members will be jointly selected for their ability to intervene in conflict situations and broker solutions. The mediators allocated to help resolve a particular dispute will not have a connection with the business unit/area or union branch. Where it is agreed, a single mediator who has the confidence of both parties may be appointed.

In the event that the industrial action continues beyond 48 hours, during which time the national parties will discuss the situation, the matter will be referred for external mediation as outlined in paragraph 5.4.

In respect of unballoted industrial action the CWU will act in accordance with its legal obligations.

5.4 External Mediation

External Mediation will apply in the following circumstances:

- If a local disagreement remains unresolved after Stage 3 of the IR Framework there will be 7 days for national intervention, after which it will automatically be referred immediately for external mediation.
- Where the national parties fail to reach agreement on a point of principle relating to existing agreements that has been referred to them, it will be referred for external mediation after a period not exceeding one month from it being initially tabled by either party.
- Where there is a national disagreement relating to a matter that is not covered by existing collective agreements, it will be similarly referred if an agreed way forward is not found within one month.
- Where unballoted industrial action continues beyond 48 hours.

The External Mediator will be appointed from a jointly agreed panel managed by ACAS and will have no other connection with Royal Mail or the CWU. The mediator will be provided with all relevant papers and evidence, together with clear statements from each party on the issue that is in dispute and on which a recommendation is sought. Both Royal Mail and CWU will provide a representative to work with the Mediator to assist in understanding the issue in dispute, the background and the implications of any decision before it is made.

In considering the dispute and making recommendations, the External Mediator will take account of any regulatory and legal requirements, the terms and spirit of the Agenda for Growth, Stability and Long Term Success Agreement, other relevant national agreements, the needs of customers, the universal service obligation, and the need for appropriate efficiency supported by a climate of sustainable trust and collaborative decision making.

The External Mediator will produce recommendations within two weeks of having received all relevant papers and having met the representatives of each party. Although the recommendations from the mediator are nonbinding the expectation is that both parties will use the mediator's recommendations to resolve their differences. The parties will meet within one week of the mediator's recommendations to review the outcome and confirm their response. If they both agree, the resolution arising from the recommendations will be implemented without further delay. If one or both parties are unable to agree in whole or in part with the recommendations, they will advise the other of the reasons for this, indicate what they are prepared to agree instead and there will

then be a further two weeks during which there is a final opportunity to reach agreement before the process is concluded.

In the event that the process concludes without agreement, the parties will write to each other to notify their intentions.

The parties may agree to extend any of the timescales above by agreement.

6. The Role of Voluntary and Special Mediators

The role of the Voluntary and Special Mediator is to provide impartial, non-judgemental support to both parties in order to reach a mutually acceptable agreement, having no vested interest in the outcome and not determining who was right or wrong in the past.

A mediator will listen and facilitate the parties to work together and find a solution they can both work with – not make a decision or formal recommendation. They listen actively to what each party has to say and encourage them to talk about their disagreements constructively in a confidential environment. A mediator will ensure that both parties get the opportunity to speak and listen and support them to generate ideas and agreements for the future.

Through the mediation process the mediator will demonstrate skills that can then be role modelled by employees in any future disagreements.

7. Legally Binding Commitments

The terms set out in the legally binding agreement represent a legally binding commitment to utilise and exhaust these new processes alongside the IR Framework without recourse to unilateral management action or CWU industrial action in accordance with the principles of the existing IR Framework.

8. Implementation and Review

The successful implementation of these measures and their effect on improving industrial stability will be reviewed 12 months after the signing of this agreement and at agreed intervals thereafter. The purpose of the reviews will be to identify any improvement opportunities in the new processes and their deployment.

Section Five – Pay and Reward

The Royal Mail Group 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 will encourage and prepare employees to deliver our growth agenda.

The scope of this pay settlement covers all CWU represented grades in the Royal Mail Group unless specified otherwise. This recognises the contribution that employees will make to the long term success of The Royal Mail Group. The company reserves the right that all future pay deals continue to be negotiated under the current bargaining groups.

The elements of the improved reward package are as follows:

- From 1 April 2013 – 6 April 2014:

An increase of 3% on basic pay rates, basic pay supplements, skills and unsocial hours allowances, London Weighting and Scottish Distant Islands Allowance, overtime and scheduled attendance rates. (Backdated to 1st April 2013)

- From 7 April 2014 – 5 April 2015:

An increase of 3% on basic pay rates, basic pay supplements, allowances, skills and unsocial hours allowances, London Weighting and Scottish Distant Islands Allowance, overtime and scheduled attendance rates.

- From 6 April 2015 – 4 April 2016:

An increase of 2.8% on basic pay rates, basic pay supplements, allowances, skills and unsocial hours allowances, London Weighting and Scottish Distant Islands Allowance, overtime and scheduled attendance rates, subject to review if inflation (as measured by the average monthly RPI in the period January – March 2015) is below 2.3% or above 3.3%.

The expected three year pay deal amounts to an overall compound base pay increase of 9.06%.

- A one off non pensionable lump sum of £200 for each full time eligible employee (part timers pro-rata) in post on 1 October 2013 and on [the payment date] in respect of contribution to business performance. This is being paid separately and before Christmas in recognition of the contribution employees have made to the business during this year.
- An additional increase in the over 10 hour overtime rate for relevant grades in Royal Mail core operations from 1 April 2013 to eliminate the shortfall between the overtime hourly rate and the basic pay national hourly rate. In Customer Experience, overtime rates which are below the basic national hourly rate for the level will be adjusted upwards in the same way to eliminate the shortfall.
- The introduction of new employee incentive arrangements to be introduced by April 2014.
- Scheduled Attendance payments in Royal Mail core operations during periods of annual leave will be improved from four weeks a year to the employee's annual leave entitlement, up to a maximum of six weeks a year. Once the payroll system is adjusted this will be backdated to the 1st April 2013.

Section Six - Programme of Work

An integral feature of this agreement is our commitment to this Programme of Work and the actions that will bring the relevant chapters of this agreement to fruition. All aspects of the programme of work will be overseen by the Growth Forum, which will meet for the first time in January 2014

6.1 Generic

The Generic Programme of Work will initially consist of the following initiatives:

- **New structures**

To establish, by March 2014, the new Governance Structures as set out in Section two

To establish the detailed framework and Terms of Reference for new and revised structures, with the overall remit of creating effective mechanisms which enable the aims and objectives set out in this agreement. The intention is to agree these new and revised arrangements by March 2014, and have them up and running by June 2014. The structures will be used to develop strategies in the business.

The parties will issue a Joint Statement on the interim arrangements and deployment of the new procedures in early January 2014.

- **Culture and Training**

In February 2014 we will jointly commence the process of developing a company charter with input from all stakeholders, setting out the values and principles of what Royal Mail Group stands for. The intention is to complete this by June 2014

To develop and deliver a joint training and learning package for launching the new agreement in a way that gains maximum understanding and consent to its aims, objectives, values and principles in order to professionalise industrial relations at every level. The new joint training strategy will be presented to the Growth Forum in February 2014.

Conduct a review of all existing employee engagement initiatives by the end of June 2014.

- **Efficiency**

The reviews on efficiency to be concluded by June 2014. The review of the Workplan to be concluded by June 2014.

- **Embedding Industrial Stability**

Mediation

To develop the detailed processes and arrangements for applying voluntary mediation, including the joint selection, appointment and training of Voluntary and Special Mediators.

To develop the detailed processes and arrangements for establishing and operating External Mediation, including the joint selection, appointment and briefing of External Mediators on their role and our expectations of them.

It is intended to establish interim arrangements as soon as the agreement goes live and agree and deploy the ongoing arrangements by April 2014.

Updating the Industrial Relations Frameworks and Arrangements

To update the IR Frameworks including authority levels and managerial/CWU alignments by March 2014.

To establish enhanced roles and responsibilities for CWU Divisional and Territorial Representatives/Regional Organisers and the appropriate Royal Mail Managers to manage our industrial relations processes effectively by March 2014

To agree and introduce the common data packs that will inform the new meetings structures by March 2014.

- **Reward**

To introduce new incentive arrangements by April 2014 that reflect and re-enforce the delivery of the growth agenda whilst incentivising employees to give of their best.

- **Agreements**

To review, by 2016, all existing agreements which remain current and distil these down into a single agreement covering working arrangements within Royal Mail which will provide a single reference source for everyone in the future.

Functional streams in the operational programme of work have been developed as follows to underpin the agenda for growth and are by necessity more detailed

6.2 Delivery

6.2.1 National Delivery Review

The Royal Mail and CWU recognise that the changing traffic mix between letters and parcels and the increasing variability of workload is an important challenge for managers and employees in the delivery function. Furthermore, achieving the right approach to the changing nature of delivery workload and customer expectations is critical to the future success of our growth agenda.

To address these issues the national parties will undertake a review commencing in January 2014 to identify efficient and fair ways to align resources to workload in delivery. The review will be facilitated and overseen by ACAS and will establish fact based data using all available sources to assess the extent of delivery workload issues, to identify best practice and to use this data to inform our ongoing work programme. The shared objective is to identify and understand all of the issues involved and produce mutually beneficial solutions easily understood by all, that support cultural change and the overall objectives of this agreement.

This review will include:

- Jointly understanding and establishing the variability of workload
- Reliable processes to establish the necessary levels of resource required to meet the workload generated by letters, flats/magazines, parcels and D2D
- The effectiveness and consistent application of flexibility and absorption arrangements.
- Consider the effectiveness of the implementation of indoor work methods and outdoor delivery methods.
- Consider new approaches to efficiently and fairly aligning resource to workload.
- The accuracy of traffic measurement and timeliness of information

The Royal Mail Director of Delivery and CWU Assistant Secretary Outdoor will remain directly involved in this piece of work which will commence with a 2 day joint workshop in early January 2014, involving a selection of Royal Mail Field Delivery Directors and CWU Divisional Representatives to inform the review.

The review will be conducted in a constructive and balanced way and the detailed approach will be agreed between the Delivery Director and the CWU Outdoor Secretary by January 2014.

The review will involve extensive two way consultation with delivery employees, managers and union representatives including targeted surveys, focus groups and joint visits to a cross-section of delivery offices.

The joint visits to a representative sample of delivery offices will take place in January 2014 to identify how resource is being aligned to workload. Some offices may require more than one visit. The scope of the visits and the process that will be followed will include the following:

- Identifying Good practice
- The Tools being used
- The Processes/procedures being used
- The Application of national agreements
- Input from managers, representatives and employees

The parties will complete the review and agree conclusions and actions by no later than May 2014.

6.2.2 Fairness, Dignity and Respect in the Workplace.

All employees will be treated with dignity and respect at all times and can expect to work in a safe environment, based upon honesty and trust where they are all well trained and supported, feel valued and motivated and are better equipped to carry out their role. Everyone should be open, fair, honest and supportive towards others, whilst being prepared to listen to the views of others and encourage a culture of co-operation within the workplace. Royal Mail and CWU will work together to ensure a workplace that delivers this pledge

The Royal Mail & CWU National Joint Statement Fairness, Dignity & Respect in Delivery will be used to deploy these standards across the entire delivery network. This will be carried out via joint briefings for all delivery employees in every delivery office in the UK. The joint briefings which will be carried out by the DOM and CWU representative, will take place in early January. In addition joint training/workshops for CWU representatives and managers will commence no later than mid-January 2014 with a target completion date of April 2014.

Appropriate supporting materials will be jointly developed to support the deployment

6.2.3 Point of Clarification on 30 mins Flexibility

Both parties re-affirm their commitment to the 30 minute flexibility arrangements within the Pay and Modernisation agreement. The following provides clarification of the agreed approach.

Where necessary, for example when traffic volumes are unexpectedly high or resourcing issues arise, individuals may be asked and may themselves request to vary their duty times by up to 30 minutes on a swings and roundabouts basis. Individual circumstances will be taken into account and total weekly contractual hours will not change. This means that individuals may flex their duty times by up to 30 minutes on any given day and this will be balanced either way over the next 5 working days. However this period can be extended by local agreement. A local record will be kept. Any requirement to change times of attendance or flex will take into account individual's personal obligations and responsibilities.

6.2.4 A New Delivery Programme of Works

Introduction

Royal Mail faces an increasingly competitive landscape both in the letters and parcels market. The future success of Royal Mail is dependent upon our ability to offer customers products that meet current and future needs, excellent customer and quality of service, and value for money. Royal Mail and CWU are jointly committed to securing this objective by working together to understand and achieve industry leading performance in all aspects of delivery and collection. Competition is not standing still and the needs of our customers continue to evolve. We will work together to ensure there is ongoing effort to improve every aspect of our business including: safety, customer, quality, efficiency and employee engagement to ensure we remain competitive and together secure long term future success with the will and support of the workforce.

Both parties recognise that the delivery function has gone through a period of unprecedented change in recent years including the programme of Transformation, and new delivery methods, agreed in 2010. Royal Mail and the CWU will work together to complete the Transformation successfully, including the payment of associated lump sums, in line with BT2010, as quickly as possible.

Integrated Delivery Programme

To support the need to deliver in a dynamic and changing commercial environment and, in particular to address the challenge of increasing delivery competition in letters and parcels we have agreed to establish a new joint programme of work, known as the Integrated Delivery Programme (IDP). This programme will be led by the Royal Mail Delivery Director and the CWU Assistant Secretary Outdoor. The programme will comprise key strands each of which will have joint Royal Mail and CWU membership, comprising of at least one CWU Senior Representative and one Senior Delivery Manager. Starting in January 2014 there will be a joint national review of how to efficiently and fairly align resource to workload, including lapsing and absorption. This will be conducted in a constructive and balanced way and given priority amongst the other work strands.

In the meantime all existing national agreements, joint statements and guidelines covering delivery will be adhered to and remain in place. Where a disagreement regarding the interpretation or application of these arises then it will be immediately fast-tracked to the appropriate CWU Divisional Representative and Royal Mail Delivery Director for resolution. Where these parties cannot provide a resolution it will be fast-tracked to the respective national parties for immediate resolution.

The Programme Strands

The programme strands will be focused on how we can jointly develop and adapt the Delivery operation on the basis of current Agreements in the immediate future, and new agreements going forward to address the challenges we face together in each of the following key areas all of which have equal status:

- Safety, Customer Service and Quality
- Resourcing to Workload Efficiently and Fairly
- Revision processes (post Transformation)
- People, involvement and training

Each strand will also consider how their strand can potentially impact on the work of other strands, in particular the use of technology, which will become an increasing factor as we move forward. The use of technology, including PDA's, will be maximised across all strands, with the intent to fully utilise data and facts to increase our understanding of the operation. The existing tools/ measurement group will continue and will support the strands as required. Similarly, Commercial updates will also be provided to assist the groups as required and will include new products and services. Each strand will actively seek relevant input from employees, CWU representatives and managers to build factual understanding and knowledge based upon experience. This input will be used to help shape future solutions and agreements, and will be informed by extensive two way consultation.

The membership of these strands will be agreed in December and the strand groups will be established with the first meetings being held no later than mid-January 2014. The Delivery Director and the CWU Assistant Secretary Outdoor will agree terms of reference before the end of December 2013 for each of the groups which will be based on the remits below. The roles of these strand groups and the areas of responsibility they are dealing with under each of the headings are expected to evolve over time. There will be a formal review of the structure, need and terms of reference of these groups after one year or earlier if agreed by both parties. The work undertaken by these

strand groups will build upon the commitments and objectives contained within our National Agreements, joint statements and guidelines.

Safety, Customer Service and Quality Strand

Royal Mail and CWU agree that ensuring employee safety is the first priority and reaffirm their commitment to working together to continue to improve all aspects of safety performance in Delivery through the correct use of outdoor methods, safe behaviours and employee engagement. Industry leading customer service, quality and working environment/conditions for employees is a joint objective, together with adapting and improving the operation to deliver new products and services in the future. This will be supported by engagement sessions with the Commercial team, to build knowledge and understanding, of how we bring this about and improve our products and services.

The strand will look to improve all areas of safety, customer service and quality, and will include:

- Delivery Methods Compliance
- Hazard awareness
- 1st Time Delivery – including Deliver to Neighbour
- Door to Door performance
- Enquiry Offices

Resourcing to Workload Efficiently and Fairly Strand

Royal Mail and CWU recognise that workload is becoming more variable and will require greater understanding balanced against the requirements of the employees and the operation if we are to successfully deal with this variability going forward. We will work together to identify opportunities to improve efficiency and deal with workload variations in a fair and manageable way using agreed procedures and processes with the underlying principle that all paid hours are fully utilised. We will jointly explore new resourcing models including: seasonal variations and revised duty structures and attendance patterns, to see if we can better align resource to workload and at the same time identifying benefits for both the business and employees. This will include new method improvements, indoor and outdoor equipment, and processes to sort and prepare mail for delivery. We will also use PDA technology to better understand our delivery performance. Some aspects of this strand will require the use of industrial engineers.

This strand will also include and look at

- Fair and manageable workload
- All aspects of good practice
- PDA Technology (use and role)
- Flexibility
- Longer forward planning for workload and resourcing
- D2D workload and preparation
- Traffic recording

- Resource mix and contract types e.g. Full Time: Part Time, Fixed Term Contracts etc
- Job design, duty structures, attendance patterns, Job Descriptions

People, Involvement and Training Strand

Royal Mail and CWU recognise the benefit of involving and positively engaging with front line employees in activity to support this programme of work and other programmes of work going forward and we will work together to ensure this happens for the benefit of both the business and its employees.

We are fully committed to jointly developing and deploying training for managers and CWU representatives designed to enhance the learning, confidence and understanding of managers and CWU reps on how to carry out their respective roles competently and in line with national agreements. This will include the Delivery Revisions Workshop and an updated Delivery Simulator. Training needs for front line employees aimed at working safely, efficiently and improving quality of service may be identified moving forward under the Integrated Delivery Programme and will where appropriate be jointly developed and deployed.

This strand will also include and look at

- Employee training including Workplace Coaches in delivery
- Ways of working and supporting relationships between employees managers and CWU representatives
- Motivation
- Technical Operator in MPU's in line with terms of reference

Revision Processes (Post Transformation) Strand

Following the completion and deployment of the Delivery Transformation both parties recognise the need to continue to adapt the delivery operation and to conduct revisions where and when necessary in line with national agreements and procedures.

This strand will also include and look at:

- A new approach to revisions
- Post Implementation Reviews
- Compliance / audit Procedures
- Model Agreements

All of the bullet points / lists under each of the strands above are not exhaustive or exclusive

Tools and Measurement Sub-Strand

A specialist sub Strand to assist and support all of the above where required. This sub strand is split out in the main from the Workload and Resourcing Strand due to specific and specialist skills requirements and will provide support to all of the strands, particularly in the areas of tools, measurement, performance and planning.

Supporting the Integrated Delivery Programme through engagement

To support and inform the work of the Integrated Delivery Programme we will seek opportunities to maximise input and engagement from employees, managers and union representatives using all available channels. This will include:

- Structured focus groups exploring current and future issues
- Balanced and targeted surveys
- Joint Visits to a selection of delivery units
- Visits to external organisations to benchmark and identify best practice
- Joint deployment of the outputs of the Integrated Delivery Programme

Annex to A New Delivery Programme of Works

Collections Strand

This strand has a unique role within the overall integrated Delivery programme and is covered by the principles and content included above (with the exception of the national delivery review).

The collections programme of works strand will include and look at:

- A commitment to continue to deploy revisions in line with the Collections Best Practice revisions guide including Collections on Delivery.
- Continuing joint development and training of employees underpinned by a Collector Training programme including workplace coaches to support key employee development activity.
- Joint development and deployment of new work methods, equipment, processes and structures including, but not limited to, enhanced mail preparation, route consolidation and hub optimisation.
- Development and joint deployment of new technologies to provide optimised performance, visibility and reaction throughout the network.

All of the bullet points listed above are not exhaustive or exclusive.

6.3 Processing and Logistics

6.3.1 A Progressive Agenda for Mail Centres, RDCs, Air Hubs, Network & Area Distribution

Royal Mail is facing an increasingly competitive landscape both in the letters and parcels product markets. Our competitors do not stand still and the needs and choices of our customers continue to evolve. The future success of Royal Mail is dependent upon our ability to offer our customers an excellent, secure, reliable, competitively priced and high quality service, enabled through a product range that meets both current and future commercial and universal service obligations. Royal Mail and the CWU are jointly committed to securing this objective by working together to achieve and continue to improve on the highest standards and joint aspirations in all aspects of the Processing and Logistics operations. This will be in line with current Agreements and through ensuring that all of our people are fairly treated, motivated, involved and appropriately rewarded.

Royal Mail and the CWU will work together to align individual and collective effort in a mutual interest culture that enables the above, whilst recognising the importance of a positive working environment for all. A key enabler to this is our joint commitment to constantly achieve leading performance in safety, customer service, quality, process efficiency, productivity and revenue capture, enabled through engaged, flexible and motivated employees, with the right equipment to do the job.

The CWU will be actively involved in the development of Royal Mail's strategy for Processing and Logistics through participation in the National Process Group (NPG) and the National Logistics Steering Group (NLSG). This will enable a genuine and more collaborative working model that respects the mutual interest of both Royal Mail and the CWU.

This joint working will build upon the commitments made in all of our current National Agreements and Joint Statements which will continue to hold the field.

Both parties jointly commit to developing a mutual interest 'joint vision' for future processing and logistics operations based upon a progressive programme of works which will include:

1. Ongoing training and development of our people, which includes the numbers and role of workplace coaches;
2. Activity arising from the Agenda for Growth, including the Parcels Strategy and use of automation;
3. Working together to involve and engage processing and logistics colleagues in continuous improvement activity across the balanced scorecard, securing a positive momentum in regards to ideas and improved practices that benefit both the business and its employees;
4. Transparent, fair and jointly understood approaches to existing and future performance measurement tools, performance expectation, standard operating procedures, resourcing and manpower planning processes across processing and logistics in support of local planning and performance improvement activity. This will also seek to draw on new and emerging technology to capture 'real time' hours and traffic where appropriate;
5. Working together to develop, plan, trial, evaluate and, where appropriate, deploy efficient and inventive duty arrangements which aim to balance employee aspirations with our joint commitment to align resource to workload. Consideration will be given to inventive duty

arrangements such as flexible working across the working week and the matching of resource to seasonal movements in workload;

6. Undertake a cross-functional review of TPM in Mail Centres that looks at the basic standardised asset care activities undertaken by operators, based on a working group approach;
7. The Network Working Group will enter into immediate discussions in regard to the deployment of a National Network review, which recognises recent changes to workload. These discussions will be conducted in line with the 4 stage process agreed for previous Network reviews and with joint commitment that aims to deliver a mutual interest solution, at pace, consistent with previous reviews and with target deployment no later than March 2014. The review will include the deployment of the next phase of moving RDC products into 'York' containers as per joint commitments in BT2010; and
8. Given the challenges and opportunities that our commercial environment provides, the NLSG commits to building on the progressive agenda established in BT2010 for Network and Area Distribution, alongside the Joint Statements on the Future of Area Distribution, Logistics Future Ambitions, Manpower Planning / Development Opportunities, and the development of a strategy for the utilisation of 17 tonne / larger vehicles across the operation.

To widen strategic involvement activity and to build on the above programme, existing and new Joint Working Groups (JWGs) will be continued and established where agreed. The JWGs will be sponsored by the NPG and NLSG, which will also determine the number, size and terms of reference for each group activity.

It is agreed that either party can table new initiatives to add to the progressive agenda during the life of the Agreement.

6.4 Parcelforce Programme of Works and Reward Explained

Introduction

The 2012/13 Pay & Reward Agreement carried the following statement;

'PFW and the CWU agree that the investment and growth plan would be better served by the stability of a proposed 2 – 3 year agreement covering all aspects of operational planning, productivity and reward. Against that backdrop and subject to the acceptance of this agreement, both parties will engage in a series of structured negotiations targeted to conclude such an agreement by the end of January 2013 and to be effective from the next pay review date of the 1st of April 2013'.

Whilst both parties committed openly to the above statement, it must be recognised that other factors during this year, not least of which saw the privatisation of the Royal Mail Group, have affected the ability to achieve it. Those factors have created the unprecedented situation whereby it has been necessary to align the interests of all business units operating under the RM Group umbrella to ensure that all areas have been addressed fairly across the Group as we enter this new ownership era.

However our relationship has remained positive and we have continued to work together, seeing the successful deployment of the expansion plans during 2013. Opening a new Processing Centre, eight replacement Depots and two new Depots in a single calendar year has been an exceptional achievement by any standard, and is a testament to the collaborative way of working that we have developed through the Table of Success.

Pay, Reward & Productivity

One unusual response to this exceptional period is a consistent pay & reward package across all the businesses in the RM Group and produced below is what that means to Parcelforce CWU Represented grades:

From the 1st April 2013 - 6th April 2014:

An increase of 3% consolidated increase applied to all elements of base pay (including non-pensionable additions to basic pay, SA, overtime, all allowances, skill payments and pay ranges etc) (backdated to 1st April 2013.)

From 7th April 2014 – 5th April 2015:

An increase of 3% consolidated increase applied to all elements of base pay (including non-pensionable additions to basic pay, SA, overtime, all allowances, skill payments and pay ranges etc)

From the 6th April 2015 – 4th 2016:

An increase of 2.8% consolidated increase applied to all elements of base pay (including non-pensionable additions to basic pay, SA, overtime, all allowances, skill payments and pay ranges etc), subject to review if inflation (as measured by the average monthly RPI in the period January – March 2015) is below 2.3% or above 3.3%.

The expected three year pay deal amounts to an overall compound base pay increase of 9.06%

A one off non pensionable lump sum of £200 for each full time eligible employee (part timers pro-rata) in post on 1st October 2013 and on [the payment date] in respect of contribution to business

performance. This is being paid separately and before Christmas in recognition of the contribution employees have made to the business during this year.

Parcelforce Worldwide remains a separate bargaining unit within the RM Group and future awards will continue to be negotiated separately.

PFW Engineers

The engineers within PFW are historically a separate pay bargaining group within Parcelforce. As part of discussions in both 2011 and 2012 pay awards, there was joint commitment to move the discreet group of engineers solely working within PFW into a single bargaining unit with remaining CWU represented grades within PFW. The engineers undoubtedly make a major contribution to the successful operation at the Hubs and new Processing Centre and to overall business results. This approach is in line with the format used for Administration grades that are part of the wider pay group in Parcelforce Worldwide and will allow for specific Engineering issues to be jointly addressed through the now established engineering forum. Against that backdrop, this pay award will be applied to all Engineering grades from 1st April 2013 and will move their pay date from September to April in line within the Parcelforce Worldwide bargaining unit.

Incentive

Both parties recognise that we have been unable to finalise a suitable new incentive/performance scheme for this year, however we will continue to work on this within our current discussions.

We also remain committed to the creation of a scheme that provides the opportunity and incentive to earn additional payments linked to performance, over and above the ongoing £100 payment.

Relationships

We both recognise that in an increasingly competitive world the pressure to be able to achieve continuing business success is ever greater and the needs for effective industrial relations is critical, as adversarial relationships damage the interest of both the company its customers and its employees. Our joint analysis is that the field of possibilities and positive momentum in Parcelforce has been increased through the unifying force of shared purpose, mutual interest and the 'Table of Success' approach.

However we wish to develop and build upon our agreed processes of professional 'mutual interest consensus building' and the commitments to industrial stability, by introducing the specialised skill of mediation at the appropriate levels within the business to increase the opportunity to resolve any issues related to the PFW expansion and advance plans, without the need for industrial or executive action and further develop key relationships within the "Table of Success Model".

This will commence with joint accredited mediation training for the key managerial and CWU personnel as identified in the 'Table of Success' process. Following that the signatories to this agreement will develop and agree, with the assistance of an agreed Mediation specialist, a training programme which can be delivered jointly to all levels of the organisation both regional and local.

Future initiatives

Co-operation between the CWU and PFW through the accelerated expansion programme has delivered a new processing and depot network that is fit for purpose for the era of growth that we all support.

As part of this agreement both parties once again signal their intention to work together on keeping Parcelforce Worldwide ahead of the competition. Both parties commit to progress the following initiatives at pace in the coming months:

- Finalising the new revision agreement
- Completing a depot and processing centre post-expansion review exercise and making the necessary changes to ensure that PFW is delivering the highest possible quality of service for our customers whilst running at optimum levels of productivity and maintaining our mutual interest commitments throughout its network.
- Continuing to work together on Advance planning and implementation fully embracing all technology that is available allowing us to keep ahead of the competition.

6.5 Fleet and Maintenance Services

A Progressive Agenda for Vehicle Service Centres (F &MS)

Royal Mail is facing an increasingly competitive landscape both in the letters and parcels product markets. Our competitors do not stand still and the needs and choices of our customers continue to evolve. The future success of Royal Mail is dependent upon our ability to offer our customers excellent, reliable and high quality service and competitive products that meet current and future needs combined with competitive pricing supported by efficient vehicle maintenance services. Royal Mail and the CWU are jointly committed to securing this objective by working together to improve all aspects of F &MS under current Agreements and by ensuring all of our people are fairly treated, motivated, involved and appropriately rewarded.

Royal Mail and the CWU will work together to align individual and collective effort in a mutual interest culture that achieves and continues to improve the highest standards and joint aspirations in all aspects of F & MS operations. A key enabler to this is joint commitment to continuously achieve leading performance in safety, customer service, quality of work, efficiency of maintenance and productivity. These areas are underpinned by engaged, flexible and motivated employees, a positive working environment and the right equipment to do the job.

Royal Mail will engage with the CWU in joint working in line with the principles of the BT2010 Agreement, enabling a genuine and collaborative working model that respects the mutual interests of both Royal Mail and the CWU via a program of works as follows:

1. On-going training and development of our people including the apprentice scheme.
2. Working together to involve and engage F & MS colleagues in continuous improvement activity that benefits both the business and its employees;
3. Recognising jointly that the F&MS Service Centre Technicians attendance patterns are required to be increasingly flexible to respond to customer demand which now requires a service presence 7 days per week. A joint Royal Mail and CWU review of the current attendance patterns will take place with the objective of reviewing locations and agreeing 7 day attendance within conditioned hours where a requirement is established. The review would include Bank Holiday working where appropriate.
4. Royal Mail is committed to ensuring an optimum resourcing mix that is commercially effective, efficient and flexible aiming to maximise work in house wherever practical. Royal Mail and CWU both recognise and commit to strengthening the value and importance of local resourcing meetings consistent with operational requirements. The F & MS balanced scorecard, measuring the performance of the Service Centre Network, will be shared at regular strategic involvement meetings.
5. Royal Mail and CWU will undertake a joint review of the deployment of MSV's since BT 2010.
6. The output from the "Being brilliant at the basics" project strands will be utilized by Royal Mail and the CWU to re-enforce compliance to an agreed set of common processes which should be in place by April 2014.

It is agreed that either party can table new areas of focus as appropriate during the life of the Agreement.

6.6 Engineering

Both parties will work to ensure we align individual and collective effort in order to achieve leading performance in all aspects of safety, customer service and quality, work place standards, organisation and productivity.

In parallel, Royal Mail and the CWU will develop an ongoing strategy for Engineering which recognises the key role the engineering community will play in the effective deployment and use of automation within the Agenda for Growth. To this end a Technical Joint Working Group will be established as part of the National Processing Group (NPG) with activity focussing on the following key areas:

- Developing and embedding a genuinely collaborative working model that respects the mutual interest relationship of both Royal Mail and the CWU.
- Agreeing a roadmap that recognises and develops the engineering role, utilising the engineering skill set to optimise machine performance and improve mail centre efficiency, encouraging active involvement in continuous improvement activities and higher level technical tasks.
- A cross functional review of TPM that looks at the more basic standardised asset care activities undertaken by operators.
- In line with BT2010, conclude discussions for a national roll out of Technical Operators within the MPUs, including an agreed system for on-going coaching and confirmation of tasks involving Mail Centre engineers.
- There is a joint commitment to conclude activity to fully capture engineering workload as agreed in BT2010, through the Standard Maintenance Procedures (SMP) initiative currently in process. This will ensure that the workload impact of machine maintenance, performance maintenance and continuous improvement activities are fully captured and quantified.
- Ongoing review of the processes, tools and systems to efficiently manage engineering load and capacity.
- Review and agree scenarios impacting on engineering skills, capability and workload due to activity arising from the Agenda for Growth, and the changing dynamic of volumes and products, including where appropriate the use of parcels automation.
- Commitment to on-going support and development of our engineers to meet the changing needs of the role.

It is agreed that either party can table new areas of focus as appropriate during the life of the Agreement.

It is also agreed that this Programme of Works will apply equally to Engineers based in International Operations (HWDC). International Operations will also be represented on the Technical Joint Working Group.

6.7 Manual Data Entry Centres

A Progressive Agenda for Manual Data Entry Centres (MDEC)

Royal Mail is facing an increasingly competitive landscape both in the letters and parcels product markets. Our competitors do not stand still and the needs and choices of our customers continue to evolve. The future success of Royal Mail is dependent upon our ability to offer our customers excellent, reliable and high quality service and competitive products that meet current and future needs combined with competitive pricing supported by efficient MDEC operations and services. Royal Mail and the CWU are jointly committed to securing this objective by working together to improve on the highest standards and joint aspirations in all aspects of MDEC operations. This will be in line with current Agreements and through ensuring that all of our people are fairly treated, motivated, involved and appropriately rewarded.

Royal Mail and the CWU will work together to align individual and collective effort in a mutual interest culture that enables the above whilst recognising the importance of a positive working environment for all. A key enabler to this is joint commitment to continuously achieve leading performance in safety, customer service, quality of work, efficiency and productivity in manual data processing. These areas are underpinned by engaged, flexible and motivated employees.

Royal Mail will engage with the CWU in joint working in line with the BT2010 Agreement, enabling a genuine and collaborative working model that respects the mutual interests of both Royal Mail and the CWU via a program of works including:

1. The on-going training and development of our people.
2. Working together to involve and engage MDEC colleagues in continuous improvement activity that benefits both the business and its employees.
3. Recognition by Royal Mail and the CWU that technical advances continue to be made which may impact on the current and future requirements of the MDEC network at Plymouth, Stockport and Stoke. The impact on workload and resourcing will continue to be dealt with in line with commitments made under BT2010.
4. The National Strategic Involvement (NSI) group will continue to meet regularly and any recent or emerging technological advances will be shared at the earliest opportunity and in the first instance at the next meeting of the NSI.
5. Develop and trial inventive duty patterns which will balance employee aspirations whilst aligning resourcing to workload.

It is agreed that either party can table new initiatives to add to the progressive agenda during the life of the Agreement.

Appendix A – Legally binding contract between The Employer and CWU

See separate attachment.



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