

No. 59/18

1<sup>st</sup> February 2018

Dear Colleague,

## **Pay and Four Pillars Agreement**

On Wednesday 31<sup>st</sup> January 2018 the CWU's Postal Executive unanimously endorsed the terms of the Agreement reached with Royal Mail Group in pursuit of our Pay and Four Pillars of Security campaign. A copy of the Agreement is attached to this LTB.

The Agreement will now be put to a membership ballot with a recommendation from the Postal Executive to Accept. The deal represents a successful outcome following months of difficult and protracted talks with the business and stands as a powerful testament to the CWU's workplace organisation and industrial strength.

In recommending acceptance of the deal, the Postal Executive believe it is important to remember where we started and recognise the significant progress we have made during the course of our campaign. Initially, the Union was faced with the imposed closure of the Defined Benefit Royal Mail Pension Plan, serious and ongoing resourcing issues out in the field and a series of unacceptable proposals from the company, which included the end of traditional national pay bargaining and the introduction of productivity related pay, a two tier workforce, scrapping of all legacy payments, cuts to sick pay and changes to our Agreements.

Against that difficult backdrop, and in response to wider threats from the gig economy, unfair competition and automation, the CWU's Pillars of Security campaign has successfully re-established the principles of employment, standard of living and retirement security and reasserted our mutual interest approach. Despite the serious difficulties we have faced, the Union's positive and energising campaign and massive membership mandate (which culminated in last year's successful industrial action ballot) changed the dynamics of the talks and forced the employer to engage seriously with the Union on our key policies relating to Pay and the Four Pillars.

In the view of the National Officers and Postal Executive, the Agreement we have secured meets all of the Union's key demands. On the critical issue of pensions, the Union has now reached a deal on the introduction of a new, single wage in retirement pension scheme for all members that will replace the current DB and DC schemes. The new scheme will comprise two elements: a collective Defined Contribution pension (with a new growth-seeking investment strategy which will target the same outcomes as current DB members) and will mean current DC members enjoy a significant increase in their future pension benefits.

On the question of pay, the deal provides for a three year Agreement (with two basic pay rises of 5% in October 2017 and 2% in April 2019), a two hour cut in the working week (worth an additional 5.33%) making the overall deal worth 12.33%. In addition we have also secured a clear flight path to a 35 hour working week by 2022.

In relation to pipeline, we have agreed the terms for a joint strategic review overseen by a new pipeline forum that will look at how we significantly grow Royal Mail's capability to attract new workload, develop new products and services and increase revenues. The joint review will also deal with proposed trial activity and changes to delivery duty times, future job design and methods of working, underpinned by a renewed commitment to secure future growth in the business through the new joint structures and with added investment to win new volume.

As well as addressing all key elements of our claim, the Agreement also includes a number of other important joint commitments that reaffirm our mutual interest approach. These relate to rebuilding trust and confidence between the parties, improving workplace culture, resourcing in line with current Agreements, the company's commitment to its employees, as well as sections relating to attendance, quality of service and preserving the IR Framework. The deal also commits both parties to defend the USO and work together to campaign against unfair regulation and lift employment standards across the postal sector.

From the outset of our campaign, the CWU's strategy has been to link and collectivise all elements of our claim to maximise our negotiation position and prevent divide and rule tactics by the employer. Throughout the talks we have insisted that nothing is agreed until everything is agreed and as a result the Agreement should be judged as a whole package, with each element and each pillar of security linked to and supported by the others.

In the view of the CWU's negotiating team and Postal Executive, the Agreement should be seen in the round and judged on that basis. We believe it provides the best possible settlement to deliver decent employment, standard of living and retirement security for our members and to ensure that change is a process of evolution not revolution that protects the interests of all our members.

We have been through a very tough period and a difficult relationship with the employer but we are now back on the same page. What now needs to happen is the vision expressed in the words is realised and reflected in all of our workplaces.

Any enquiries in relation to the content of this LTB should be addressed to the DGS(P) Department.

Yours sincerely,



Terry Pullinger  
**Deputy General Secretary (Postal)**

Yours sincerely,



Dave Ward  
**General Secretary**

Yours sincerely,



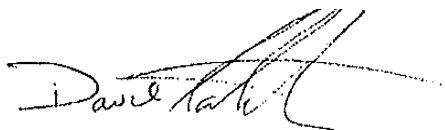
Ray Ellis  
**Assistant Secretary**

Yours sincerely,



Andy Furey  
**Assistant Secretary**

Yours sincerely,



Davie Robertson  
**Assistant Secretary**

Yours sincerely,



Mark Baulch  
**Assistant Secretary**