

# **National Agreement on Pay and Major Change**

**Between**

**Royal Mail & Communication Workers Union**

**19 December 2003**

## INTRODUCTION

This national enabling agreement is the first in the new way of working between the Royal Mail and the Communication Workers Union. To reinforce that both parties agree that

**Future Industrial Relations:** RM and CWU are committed to reaching an agreement on a new Industrial Relations Framework and structure by March 2004

**Future Pay Bargaining:** RM and CWU are committed to maintaining national pay bargaining. The parties will re-examine the pay bargaining process to ensure that pay deals are always delivered on time.

## CONTENTS

<b>Section 1 – Pay settlement Royal Mail UK</b>	<b>3</b>
<b>Section 2 – London</b>	<b>4</b>
<b>Section 3 - Recruitment &amp; Retention Incentive Supplements</b>	<b>6</b>
<b>Section 4 – The introduction of a Single Daily Delivery</b>	<b>7</b>
<b>Appendix A – Introducing the single daily delivery</b>	<b>8</b>
<b>Appendix B – Ongoing commitment</b>	<b>12</b>
<b>Section 5 – Transforming Mail Centre Performance</b>	<b>14</b>
<b>Annex 1 – Interim productivity scheme</b>	<b>15</b>
<b>Section 6 – Transport Review</b>	<b>19</b>
<b>Section 7 – Managing the Surplus Framework (MTSF)</b>	<b>22</b>

1. For Operational Grade employees (OSGs where applicable) in Royal Mail Letters and in Royal Mail Logistics, a staged 4.5% pay increase as follows:
  - a 3% increase in national basic pay, overtime & allowances (applied to the same elements of pay as were increased by the 2002 pay award) from 6 October 2003;
  - a further 1.5% increase from 5 April 2004;
  - additionally a £26.28 per week increase in full-time scale maximum pensionable basic pay in each office when its major change is introduced and targets achieved (this includes up to £5 consolidated from existing ICS, bonuses and supplements), taking national full-time basic pay to £300.00 per week after 5 April 2004.
  - consolidation of London RRIS and an increase in London pay ranges from October 2003 as set out in Section 2 of this agreement.
2. For other postal (including mailroom and MDEC), administrative, secretarial and engineering employees in Royal Mail Letters (including those employees previously covered by Royal Mail pay increases in Finance, People & Organisational Development, Communications, the Secretary's Office, and non-technical employees in TSI), Customer Management, Royal Mail Logistics (except Vehicle Services), and International:
  - a 4.5% increase on the same basis as above, with pay rises of 3% from 1 October 2003 (6 October for weekly paid employees) and 1.5% from 1 April 2004 (5 April for weekly paid employees);
  - an increase in London pay ranges as set out in Section 2 of this agreement;
  - a commitment to look at scope for further basic pay increases linked to improved productivity and changes in working practices by April 2004 (for processing engineers see 3 below).
3. Processing Engineers -Royal Mail and the CWU commit to review the working practices and efficiency of processing engineers to generate an improvement in the remuneration package (including bonus, recruitment and retention payments, shift allowance and overtime) concluding 31 March 2004.
4. The same staged 4.5% pay increase and enhanced London pay ranges will also apply to CWU represented grades within People & Organisational Services (formerly Transaction Services).
5. Royal Mail and CWU will review on a monthly basis, progress on the achievement of targetry and £300 basic pay with the aim of ensuring that all employees covered by the terms of this agreement can go into the next pay round on the same level of basic pay having achieved targetry.
6. Next pay reviews in April 2005 as follows:
  - Royal Mail Letters, covering also Finance, People & Organisational Development, Communications, the Secretary's Office, and non-technical employees in TSI
  - Royal Mail Letters Customer Management
  - Royal Mail Logistics (except Vehicle Services)
  - People & Organisational Services
  - International

## 1. Introduction

This agreement settles the current CWU London Weighting claim and establishes a new group wide approach for reviewing London pay ranges/London Weighting in the future.

## 2. London Pay Ranges/London Weighting

### 2.1 2003

- There will be a £300 increase in London pay ranges from 6 October 2003 (1 October for monthly paid employees) for all CWU represented grades in Royal Mail Group businesses (with part-time employees and age/recruit scales increased pro-rata).
- In RM Letters the postal RRIS in Inner and Outer will be consolidated into basic pensionable pay from 6 October 2003.

### 2.2 Future

- In Royal Mail Letters, Logistics and International there will be a £300 increase in London pay ranges from the first Monday in April 2005 for all CWU represented grades (with part-time employees and age/recruit scales increased pro-rata).
- In POL (including CLS), in recognition of the different pay review date there will be increases in London Pay ranges of £200 within the April 2004 pay review and of £100 within the April 2005 pay review (pro rata for part timers).
- London pay ranges/weighting will be automatically up rated by flowing through the normal percentage increase in basic pay appropriate to each of RM Letters, Logistics, International and POL from April 2006.
- Within Parcelforce Worldwide both parties reaffirm existing commitments to jointly review the level of future remuneration in those areas where turnover rates and the high costs of living are matters of concern, and in doing so will benchmark approaches within Royal Mail Group and other relevant businesses. Without prejudice to the outcome of the review, talks will take place to deal with its outputs and to determine approaches that may be required to address its findings. The review will be completed in time for the September 2005 pay review. Subject to overriding business considerations any percentage base pay increase for September 2004 will flow through to London Weighting.

## 3. Group wide review (RM Letters, Logistics, International and POL)/Future approach

In addition to automatic flow through as above, there will be a formal review of London Pay Ranges/London weighting every two years commencing January 2006.

The purpose of the review will be to ensure that the relative value of payments is maintained and enhanced where necessary.

The review will focus on movements in cost of living including housing, Council Tax, transport etc. The review will also look at recruitment and retention, London weighting boundaries, and external comparators based on an agreed representative sample of public and private companies, this data will be provided by Income Data Services.

In respect of POL the external comparators will include companies from the retail and financial services sector. Accordingly it is recognised that POL will put its own submission to the review.

The review will be undertaken by the national parties with support from key union representatives and managers from London.

The first formal review will commence in January 2006, and will be chaired by an agreed independent third party mediator nominated by ACAS. During the period of the two month review, neither side will pre-empt the status quo. The outcome of this review will determine the actual level of increases to be implemented in April 2006.

### **London RM Letters/CWU Improvement Group**

Royal Mail and CWU recognise that delivering change in London will be a major factor in building a successful future for the Royal Mail Group. A Joint Working Group will be established to identify opportunities to further improve business performance and the working environment, covering for example the following:

- Training
- Equipment
- Buildings
- Quality of Service
- Culture
- New products and services
- Better ways of working
- Communication & Involvement

The Group will agree and implement an action plan for London to benefit our people, our customers and the business, and be encouraged to look at cost effective and innovative solutions. It will be led by a nominee from each headquarters and be supported by senior managers and CWU Divisional Representatives from London. The way of working will be determined by the group members.

The work of this Group will continue in parallel with the implementation of the major change programmes, and the work of the current group addressing London restructuring.

The national parties will oversee and review all of the work being carried out by the London Improvement Group, based on the following principal measures: improved employee satisfaction and quality of service. The Group will provide reports on a regular basis to the national parties on the progress being made. Royal Mail and CWU will also monitor the success of this project from the point of view of consideration being given to using the same model in other quality of service hot spots.

### **Completion of the Way Forward RRIS Review**

This agreement completes the review of postal RRIS that was agreed would take place following Way Forward.

From 5 April 2004 Royal Mail will introduce or increase non-pensionable RRIS Supplements in areas of particular labour market difficulty, with new full-time adult rates for the Operational and Operational Support Grades as follows:

Red pay area	new rate of £35.00 per week
Orange pay area (outside London)	new rate of £27.50 per week
Orange pay area (within the London pay area)	new rate of £10.00 per week
Yellow pay area (outside London)	new rate of £20.00 per week
Yellow pay area (within the London pay area)	new rate of £ 5.00 per week

A map detailing the above is available.

Royal Mail confirms it is not its intention to remove existing RRIS payments. As a consequence in offices in which there will be no increase in RRIS in April 2004 all employees will continue to be paid the existing level of RRIS payment. Any proposed future change to this arrangement will be subject to agreement between the parties.

Where there is a RRIS increase in April 2004, this will be funded or part-funded by replacing any existing local ICS bonus or PBS Supplement where possible. The net cost of the RRIS increase will be 50% funded by the ICS National Scheme as was agreed within the 2001/2 pay settlement.

### **Future RRIS**

In the future RRIS will be jointly reviewed every two years. The first formal review will be completed in time for payment from April 2005, and the findings will inform how we deal with future RRIS payments.

Any RRIS review will examine the following: eligibility/payment criteria, existing boundaries, cost of living issues, unemployment, local pay levels and recruitment and wastage.

**Introduction**

1. This agreement is the first step towards significantly improving the terms, conditions and status of delivery postmen and women, through the introduction of Single Daily Delivery (SDD) and an increase of £26.28 in full time basic pensionable pay, paid pro rata for less than full time employees. Both parties recognise that the move to single deliveries is essential for the future commercial success of Royal Mail and its ability to meet customer targets. It provides an opportunity for improving the working environment where everybody understands what is expected of them and is allowed the freedom to plan their working day to achieve this without the need for close supervision.
2. The single delivery system will support full-time employment providing opportunities for part-time employees to progress to full-time whilst, at the same time, continuing to provide the opportunity for part-time employment.
3. Any employee surpluses arising from this change will be dealt with in accordance with the Managing the Surplus Framework. Existing vacancies and normal turnover will account for the majority of any surplus, with voluntary redundancy dealing with the remainder. This agreement replaces the 1998 Agreement on Delivery Issues (IDA), and contains the key principles for delivering the change supported by additional detail at appendix A. Those issues at appendix B provide a commitment to ongoing improvements
4. RM and CWU have a history of setting targets from the centre that are both difficult to understand and often never achieved. As a consequence, business plans fail and employees do not receive benefits.
5. Successful deployment of SDD will be dependent on us not repeating previous mistakes. Therefore when we say targets must be realistic, achievable and deliverable we mean it! We want our people to be paid £300 as quickly as possible and business plans to be achieved.
6. To ensure targets are realistic, achievable and deliverable both parties realise that a completely fresh approach is required that will provide more local accountability.
7. To support this fresh approach Royal Mail has confirmed that the targetry within the previous national savings matrix has been globally reduced by approximately 30%. The consequence of this fresh approach is a general reduction in local targets based on the unit manager's assessment of a 3.5 hour span and the introduction of a 5 day week. CWU note this position.
8. Locally, RM and CWU will discuss all aspects of planning and implementing the Single Daily Delivery to achieve the local managers target. Any issues arising from this process will be dealt with in line with agreed industrial relation procedures, as detailed in the Industrial Relations Framework.
9. If, following full implementation of the SDD consolidation of the £26.28 has not taken place within 8 weeks, all aspects of deployment will be jointly reviewed locally using normal IR procedures to examine and resolve any problems/issues.

**INTRODUCING THE SINGLE DAILY DELIVERY****1. Key principles**

- a) A Single Daily Delivery will be introduced for all town residential routes by the end of March 2004
- b) Town Residential routes will be planned on a 3.5-hour delivery span. All routes will be planned on the basis of equalisation, and a fair and manageable workload. The planning process will have the full involvement of the CWU and employees.
- c) Health & Safety and Walk Design will play a major part in dealing with weight on delivery and fatigue issues. To this end all walks will be risk assessed and the appropriate equipment provided as a matter of course. CWU Area H&S representatives will be fully involved in all aspects mentioned above.
- d) In conjunction with the introduction of the single daily delivery, all operational grades within each unit will move on to a 5 day week, with all full-time employees moving to a standard 40 hour week. Where SWW, MRH and WTLL have not yet been fully deployed, any outstanding elements should also be introduced. It is agreed that the impact on the June baseline and the unit target, as a result of these changes, will be cost neutral. To achieve this the hours recorded against WTLL, 30 minutes for each duty, will remain in “work hours” until the unit target is met. Once full consolidation has been achieved, WTLL hours will be recorded under the correct heading of “training”
- e) Saturday attendances will be significantly shorter than weekday attendances. To assist this Mailsort 3 need not be scheduled for delivery and missort runs should be rescheduled to enable an earlier start on town residential delivery routes.
- f) Providing meal break/working time regulation rules are observed, employees will have the flexibility to plan the timing and location of their meal breaks. This flexibility also extends to the ability to have a refreshment break prior going out on delivery as long as it does not compromise the office workplan. Where deliveries are completed within the agreed office workplan then employees will be allowed to pouch off without returning to the office.
- g) Office workplans will be designed to meet the business’s service obligations and provide a consistent and reliable quality of service to all customers.
- h) Reasonable regular earnings levels will be maintained or enhanced.
- i) Significant new investment will be made in indoor and outdoor equipment, giving better tools for the job
- j) Employees will be given appropriate training to ensure they are fully equipped to meet the standards relevant to their job.

**2. Targets and Baselines**

- a) The core work hours baseline for the scheme will be the average of the core work hours used in June 2003.
- b) As a result of the new calendarised approach to baselines, the hours available in all units will be flexed to take account of seasonal variations in traffic and bank holidays.

- c) The principle is that those employees whose hours are in the scheme base are those who will share in its benefits. Where Distribution units leave Delivery schemes baselines will be amended accordingly
- d) The scheme does not have a complex exemption process. However, if during any four week qualifying period there are extenuating circumstances which impact on a unit's ability to meet the qualifying criteria, the unit manager (following consultation with the CWU) has the discretion to make allowance for this which, in turn, may result in maintaining qualification for a permanent supplement. The unit will need to support any decision to pay with auditable supporting documentation.
- e) Baselines will be reviewed locally to take account of delivery point and traffic growth from June 2003. Where additional hours are identified for delivery point and traffic growth, these will be added to the office baseline from the week they are agreed, in line with the current process.
- f) Once the target for the unit has been achieved, the £26.28 will be paid on a weekly basis. When this has been achieved for 4 consecutive weeks, the payment for those in the unit will be consolidated into basic pensionable pay.
- g) Payments due will be made weekly, 2 weeks in arrears.
- h) Providing savings target can be met, other imaginative attendance patterns including 9-day fortnights and 4-day weeks can be introduced.
- i) Traffic levels and the number of delivery points, as well as the unit baseline hours should be recorded for future reference. The reference period for this data will be June 2003.
  - o Core work hours baseline for purpose of revision = .....
  - o Current Number of Delivery Points = .....
  - o Current traffic levels = .....

### **3. Health and Safety**

- a) Single deliveries will be introduced to provide all delivery employees with a fair and manageable workload whilst fully safeguarding welfare and safety.
- b) Royal Mail and CWU will ensure that the introduction of a single delivery system is compliant with Health and Safety legislation and its requirements. The Area Safety Manager and local/area CWU safety representatives will be available, when necessary, to provide advice and support in line with their normal roles to assist in implementing the following:
  - o Undertake risk assessment, as detailed in the 12 Step Revision process, for each walk to ensure all health and safety requirements and regulations have been applied, with toilet and welfare facilities in the vicinity identified at step 3 of the revision process. The risk assessment process will also consider the needs of any individuals during the duty selection process.
  - o Appropriate Outdoor equipment must be provided as a business standard to ensure each walk has an identifiable Weight on Delivery solution. To support this the range of weight on delivery solutions has been extended to include: Mailstar Cycle with panniers, High Capacity trolley and Starburst. (Starburst can be used in line with the nationally agreed code of practice)

- As a business standard employees will be briefed on the health and safety aspects of their job including what to do in the event of an accident whilst on duty.
- The maximum mail weight of any over the shoulder delivery satchel will be 16kgs. Employees will be briefed on implementing the best practice guidelines (Multiple Pouch Weight Study) for reducing weight of additional pouches
- Employees will be provided with appropriate safe systems of work training prior to the use of any new equipment.
- The revision will be planned on the basis of no use of private vehicles

#### **4. Local issues**

- a) In addition to any local initiatives, offices may consider the following options to assist in reducing Saturday attendances/finishing times:
  - scheduling ASAP on Friday (or Friday/Saturday night)
  - allowing employees to take part of their break at the end of their work on Saturday
  - starting earlier on Saturday
  - identifying those customers not due for a delivery on Saturday and planning jobs accordingly
- b) The new delivery specification will provide delivery offices with the opportunity to tailor and agree start times to meet employee and customer requirements. Delivery employees can commence their delivery when all due mail has connected.
- c) The revision may be undertaken using the 12-step process as detailed in the 1998 agreement on delivery issues (IDA). The revision will be based on a simple tabletop approach, utilising local knowledge and expertise. The DOM and CWU representative will seek input from employees in verifying information and consulting on revision options.
- d) A small number of units will need to provide tailored solutions for specific deliveries to meet unique operational requirements. This approach only applies to the handful of units with residential deliveries that have exceptionally high volumes of mail per delivery point. Existing firms' routes should be continued, with delivery times based on local circumstances, most probably unchanged from the current.
- e) All Delivery units will have a local office workplan which will include a service level agreement with the Mail centre outlining mailflow/arrival and Contingency arrangements (e.g. adverse weather, abnormal and unexpected traffic, late arrivals). Such arrangements will be implemented in consultation with the CWU and will be aimed at limiting any adverse impact on customers.
- f) SPDO/Rural deliveries should aim for minimum disruption, although it is recognised that they may need to develop creative solutions to enable them to receive their 5 day week. Where solutions cannot be found by the local manager and local CWU rep then the issue will be referred to the Delivery Sector Manager and the CWU Area Representative for further consideration. In order to facilitate this process, SPDOs will have an option to remain with their existing bonus unit or become stand alone. Where they choose to be stand alone the incentives contained within this agreement will be retained on a unit-by-unit basis. SPDOs that are unmeasured have no savings target.

- g) The introduction of single deliveries at local level will not be specifically designed to remove early shift payments. If local employees agree to a proposition for a later start time then early shift payments will attract pay protection in accordance with MTSF.
- h) Five day working may include the options of a rotating day off with a long weekend (Saturday - Monday) every 6 weeks, or one week off in six. The five-day week should be implemented within the level of cost implied by the office target savings requirement. All SPDOs have been provided with the funding to implement 5 day weeks.

## **5. Closure of Previous Schemes**

- a) The Interim Consolidation Scheme ceased at the end of March 2003.
- b) All existing PBS supplements, ICS Gainshare, High Performance and Supplementary Quality Payments have been frozen at current levels (defined as the average earned across January to March 2003). These have been used to create a new non-pensionable supplement.
- c) The new supplement will be paid including during Christmas (in addition to the normal Christmas ex IWM payment).
- d) Where offices have already consolidated ICS/PBS bonus into basic or have new or existing ICS/PBS supplements these will fund up to £5.00 of the £26.28. Where offices have less than the above-mentioned £5, the business will contribute the difference.
- e) Offices that have not fully earned their Way Forward Lump Sums will be given one final opportunity to earn this by introducing the single daily delivery revision by the end of March 2004 and achieving the consolidated £26.28 within 4 weeks.

## **6. CWU Involvement**

- a) CWU local representatives will be fully involved in all aspects of planning, development and implementation of duties. Appropriate release will be given to allow them to fulfil this role.
- b) The CWU Area Representative will meet on a weekly basis with the appropriate Delivery Sector Manager to monitor the progress of the revisions against the principles set out in the National Agreement. They will also continue their normal IR framework role and be available to support local representatives where necessary.
- c) CWU Divisional representatives will liaise with the appropriate managers to monitor and facilitate progress on revision activity and fulfil their normal industrial relations activities.
- d) CWU and Royal Mail will provide technical advice and support, including delivering training workshops. These will be jointly designed, agreed, and delivered, to ensure that a consistent message is cascaded on behalf of the national parties for all representatives and managers participating in the revision process. This will include delivering presentations on the calendarisation approach and Health & Safety.
- e) It is recognised that the rapid implementation of single deliveries will be a priority commitment for representatives involved in the process. If there is a need for additional support to carry out normal day-to-day industrial relations activities this will be discussed and agreed at the appropriate level.

## ONGOING COMMITMENT

### 1. The Future for Delivery/Delivery Improvement Project

This is a major new business/CWU joint initiative, as part of the commitment to significantly increase the status and professionalism of the delivery job. It will focus on further improvements to terms, conditions and improving business profitability.

The national parties will oversee the project including establishing the involvement of CWU, employees and managers. To this end, CWU and Royal Mail agree to seek up to twenty volunteer delivery offices to progress and trial ideas, with the aim of putting together a comprehensive menu of proposals no later than May 2004.

These proposals and ideas will include the following:

- new ways of achieving higher more stable pay levels and shorter hours;
- scope for imaginative attendance patterns, trialling 9-day fortnights, 4-day weeks, innovative Saturday solutions, whilst meeting customer requirements in a cost effective manner;
- continuing to support full-time employment taking into account potential future reductions in indoor workload;
- how to achieve a better working environment;
- improving the development of and support for young workers;
- training requirements and standards;
- improved resourcing procedures;
- benchmarking other postal administrations to identify ideas for achieving improvements
- More family friendly attendance arrangements at Christmas and Easter

The output from this project will be nationally agreed prior to any roll out and will form the heart of a determined joint CWU/RM programme to further improve job satisfaction, and the pay and conditions of the delivery employee.

### 2. Health & Safety

In this annex the National parties have identified a number of areas where there is a joint commitment to further support employees welfare and safety, when implementing revisions. In addition to this both Royal Mail and CWU are jointly committed to continue to work towards improving methods of dealing with weight on delivery with the ultimate aim of minimising the need to carry weight over the shoulder wherever possible. To this end terms of reference will be agreed by the end of April 2004 covering the following research and development:

- development of powered delivery equipment to provide a cost effective and efficient solution for hilly and other terrain unsuitable for the manual high capacity trolley
- to review any issues relating to uniform provision as a result of the longer single delivery system.
- review of current risk assessment in respect of employee exposure to sunshine and cold weather.
- study into the long term physical implications of delivery work including consideration of employee refreshment needs

### **3. New reward scheme**

- a) Both parties are committed to finding a new reward scheme no later than June 2004

### **4. General Issues**

- a) As part of the delivery changes Royal Mail is committed to developing innovative and profitable new products and services, through exploring and exploiting the opportunities for new business. This approach will allow the business to grow and expand, creating new job and earnings opportunities and meeting changing customer requirements. The CWU will be fully involved with the ongoing development of new products and services, including the opportunity to input its ideas.
- b) In parallel with SDD deployment Royal Mail and CWU will jointly review all aspects of Pegasus to ensure it is fit for purpose as a revision tool. Pegasus may be used purely as a planning tool that can assist in developing delivery routes with balanced workload. Where this is the case local CWU representatives will be offered training prior to its use. Exceptionally, where units have already commenced planning, using Pegasus, representatives will be offered the training immediately. It can also be used as a replacement system for A plus to maintain accurate address point information capturing delivery point changes.
- c) The review of measurement systems agreed in paragraph eight of ICS will need to be completed in parallel with SDD deployment timescales ie March 2004, to ensure any future system is fit for purpose.
- d) Royal Mail and CWU are committed to reviewing payment arrangements for delivery of election material with a view to agreeing a new national standard approach by April 2004. In the meantime the local existing arrangements will continue to apply with the exception of offices who currently receive no payment who will receive D2D rates for unaddressed items.
- e) Both parties are also committed to reviewing the future arrangements for Door-to-Door. However, given the scale of change already in the move to single deliveries, it has been agreed that the existing Door-to-Door arrangements will continue for the time being. A review of Door-to-Door will be carried out during 2004 to establish whether the existing arrangements should be revised following the deployment of single deliveries.
- f) In the event that future changes to indoor workload and arrival patterns signal a need to review start times for operational reasons this will trigger a national review of shift payment criteria at the request of either party.
- g) Both parties recognise that the process/formula that will be used to deal with traffic change and delivery point change needs to be developed with full CWU involvement. It is agreed that joint recommendations will be made by April 04 as to the process/formula to be used.

This document is part of a national enabling agreement for local productivity improvements in Delivery and Mail Centres.

- The Pay and Performance in Mail Centres' agreement is still recognised as the principal enabler to raise performance in mail centres in the long term. The national trials will therefore continue in order to inform the transformation process to define the best practice and the establishment of a new remuneration scheme. The final outputs from the trials will be jointly evaluated in Spring 2004 so they are ready for deployment in line with the agreed target timetable.
- All Mail Centres, which will include Operational/Operational Support Grades, LAs in Processing and Collection and Network employees working or based within the unit (except those in the Delivery Scheme), will plan and implement performance improvements as an interim measure in line with the attached annexes. Local managers and CWU representatives through local joint discussions will work together to agree a realistic, achievable and deliverable programme of change to produce a staff cost reduction that meets the targets already communicated by Royal Mail to each unit. The agreed local programme of change will deliver staged increases in basic pay (except for LAs where it will form a monthly supplement) if they meet the financial savings criteria guide (outlined in an Annex that will be circulated to all units), which are based on and reflect the individual unit's performance level. The increase will remain as a supplement for LAs and will not be converted into basic pay until all of the other LAs in Royal Mail UK have had the opportunity to increase their pay to the same level.
- The plan and revisions implemented will need to ensure a consistent clearance to the office workplan.
- In the first week of activity local managers and representatives will draw up a list of the areas (such as resourcing) they feel should be focused upon to raise performance. They will endeavour to resolve these as quickly as possible and full support will be given by Royal Mail and the CWU at all levels.
- The financial savings criteria from the staff hours cost base of the unit will be based on June 2003 with adjustments made for achievement of national products, (eg: SISO and AI, which are covered by the ESOS agreement) which will continue their successful deployment outwith these separate terms.
- RMUK Operational Grades employed within the Collection and Network (Distribution) operation not in a Mail Centre scheme will also plan and implement performance improvements as an interim measure in line with the attached annexes. The targeted savings achieved by RMUK from the deployment of the Transport Review will still be subject to the formula contained in the EBS Scheme.
- The detailed operation/terms of this interim performance scheme are contained in the associated annex.

## **TRANSFORMING MAIL CENTRE PERFORMANCE INTERIM PRODUCTIVITY SCHEME**

### **1. Closure of Previous Schemes**

- 1.1 The Interim Consolidation Scheme/PBS calculations and payments will cease from September 2003 with the exception of improvers payments due and already earned (see Para 1.4).
- 1.2 All existing PBS Supplements and ICS Gainshare, High Performance and Supplementary Quality payments will be frozen at the current levels, this will be defined as the average earned across July to September 2003. These will be used to create a new non-pensionable weekly supplement (frozen supplements).
- 1.3 Note that on the introduction of the PBS agreement all previous bonus schemes were combined and subsumed into the scheme. Therefore part of their current bonus may have originated from an historical scheme, e.g.: RULC. All of these previous payments will now be paid in the new weekly protected supplement.
- 1.4 The last monthly period prior to the scheme going live which will be used to assess qualification for ICS improver lump sum payments will be September 2003. Where this means that a three month cycle of achieving the EP target cannot be completed a pro rata lump sum will be paid (subject to quality) according to the number of months achieved in the current cycle (one or two).
- 1.5 The new weekly supplement will be paid to all employees every week including during Christmas (in addition to the normal Christmas ex-IWM payment).
- 1.6 Where offices have already consolidated ICS/PBS Bonuses into basic pay or have new or existing ICS/PBS supplements, this £5.00 will part fund the last £6.28 bringing the total weekly supplement to £26.28. The whole of this £26.28 will then become basic pensionable pay.
- 1.7 Where offices have insufficient frozen supplement from previous schemes then the Business will finance up to £6.28 of the final payment.

### **2. Baselines and Savings Productivity Targets**

- 2.1 Analysis of Mail Centre cash spend over the year demonstrates that they operate in the main as a flat rate spend throughout the year (excluding Christmas). The new baseline for participants in the scheme will be adjusted as appropriate to take account of employees that would need to be added to or subtracted from the scheme. This will ensure that the costs of those included in the scheme are included in the base and the same employees will then share in the benefits. The financial base will be set as the total staff cost adjusted where appropriate (see above) for a representative month.
- 2.2 June 2003 has been selected as the representative month, the reason for this is that it is broadly in line with average annual spend (plus or minus 2% in most cases). It is also recent, which means that changes/productivity improvements made in prior months are reflected rather than influencing/distorting the base unfairly.

- 2.3 Where separate Distribution Schemes are already in place they may remain but the same principles/terms will apply accordingly. Additionally by local agreement separate distribution schemes can be established providing the base criteria is consistent.
- 2.4 Major national initiatives that are part of 2003/4 business plan savings will be netted off the baseline (e.g.: AI and SISO, which are covered by and jointly audited under ESOS) and these will be outwith the performance improvement required for the pay increase. (The details will be circulated to all units in an Annex)
- 2.5 The scheme does not have a complex exemption process. If however during any four-week qualifying period there are extenuating circumstances which impact on a units ability to meet the qualifying criteria, the unit manager (Mail Centre Manager) following consultation with the CWU has the discretion to make allowances for this to maintain qualification for a permanent supplement. The unit will need to support any decision to pay with auditable supporting documentation.
- 2.6 Where there are major/significant changes/distortion in the workload units can make applications to review the baselines. Future national method change products eg: Transport Review will also require adjustment to the baselines.
- 2.7 Where a local unit is having difficulty in reaching their target or resourcing practices contrary to the principles of the scheme are being used, joint support will be made available at National/Divisional level to provide advice and help that will progress our joint objectives contained in Section 2 (Transforming Mail Centre Performance).
- 2.8 Each Mail Centre/Bonus Unit will be made aware of the local financial/hours savings requirement (calculated from the baseline) that will realise the achievement of the £26.28 basic pay increase (pro-rata to contractual hours for part time employees).
- 2.9 The following staged financial payment criteria will achieve basic pay supplement increases providing the Mail Centre/Bonus Unit clears to workplan:

	Stage payment	TOTAL
1 <sup>st</sup> criteria achieved	£10	£10
2 <sup>nd</sup> criteria achieved	£10	£20
3 <sup>rd</sup> criteria achieved	£6.28	£26.28

	Less than £5 frozen and consolidated supplement	£5 or more frozen and consolidated supplement
Stage 1	£10	£10
Stage 2	£10	£10
Stage 3	£6.28 (up to £4.99 supp)	£6.28 (£5 supp)
£26.28 fully pensionable		

- 2.10 The savings criteria will be set taking into account the current performance levels of the Mail Centre/Bonus Unit.
- 2.11 Distribution schemes as detailed in para 5.2 will have a percentage savings criteria equal to or less than the parent Mail Centre. The local manager will ensure they are realistic, achievable and deliverable.
- 2.12 The staff costs of all employees within the bonus unit will be used to assess whether the criteria have been met.

- 2.13 The new permanent bonus supplements will initially remain non-pensionable and these monies will be excluded from pay reviews until they become part of basic pensionable pay. Once £26.28 has been achieved by the bonus unit (for the four week qualifying period) it will become pensionable (of this up to £5 could be from supplements).
- 2.14 Offices who participate in the scheme will have their payments based against actual weekly achievement of the staged savings criteria from the 1<sup>st</sup> September 2003. For the period between 1<sup>st</sup> September 2003 and the implementation of the new scheme in the bonus unit, this prior achievement will be made by a one off lump sum payment.
- 2.15 Ongoing payments under the new scheme will be paid weekly in arrears.
- 2.16 Weekly payments will only be made for actual achievement of the specific stage savings criteria. To earn a permanent consolidated payment the unit must achieve their workplan, on average, 95% of the time over a consecutive four-week bonus period, along with the staged savings criteria.

### **3. Achievement above Target/New Remuneration Scheme**

- 3.1 Royal Mail recognises that the CWU wish to raise any over achievement of the targets detailed within this Interim Scheme during the discussions on the New Remuneration Scheme contained within the Pay & Performance in Mail Centres which are due to be concluded by Spring 2004.
- 3.2 Royal Mail also recognises that the CWU will wish to give further consideration to the use of frozen supplements to ensure basic pay is levelled up in all units on the introduction of the New Remuneration Scheme.

### **4. Quality/Workplan**

- 4.1 Both parties accept that productivity improvements introduced must be based on also clearing to the local office workplan, i.e.: 1C Outward and Wave 4C clearance, as measured on the Mail Centre Daily Report.
- 4.1 Separate Distribution Units in the scheme do not have a workplan gateway.

### **5. Way Forward Lump Sums**

Offices that have not fully earned their Way Forward Lump Sums will be given one final opportunity to earn this. Offices who have not received the full amount will need to introduce a revision to achieve their first stage payment criteria by February 2004 and achieve the consolidation after four weeks. The office who has not received any of the payment would need to introduce a revision that would meet their second stage criteria within the same timescales. Note that eligibility for this lump sum will only be paid to employees eligible as part of the original Way Forward Agreement.

### **6. Control, Monitor and National Review**

- 6.1 Local parties will discuss and gain a full understanding of the baselines and savings criteria, and this information will be communicated and displayed for the employees in the bonus unit.
- 6.2 The Mail Centre manager in consultation with the local CWU will be responsible to assess whether the unit has met the qualifying criteria for each stage of the scheme and authorise the payment for any additional monies. The management area will be

responsible for maintaining a local audit trail (with the data consistent with that supplied to business warehouse) to support any payments.

- 6.3 The deployment of this interim scheme will be regularly monitored at both Local and National level to ensure it is meeting its objectives. There will be no scope for local disagreement on the National Terms of the scheme. All other issues should be progressed in line with the IR Framework. Points of clarification (principle) should be forwarded to National Level for advice/resolution, which should be concluded within two weeks.

## **7. LA Grades**

- 7.1 The current Administration Bonus Scheme will cease following the 2003/04 payment for the LA's who will be participating in the New Interim Scheme.
- 7.2 These LA grades will in the same way as the other grades have the opportunity to earn up to £114.27 per month (£26.28 per week) by being included within the bonus unit and achieving the appropriate staged savings criteria. (see below)

	Stage payment	TOTAL
1 <sup>st</sup> criteria achieved	£40	£40
2 <sup>nd</sup> criteria achieved	£40	£80
3 <sup>rd</sup> criteria achieved	£34.27	£114.27

Once the 3<sup>rd</sup> Stage has been achieved it will become a £114.27 monthly pensionable supplement.

## **8. Limitations**

This agreement has been reached on a without prejudice basis in respect of any future National Remuneration Scheme currently being trialled and evaluated that may be considered for deployment under the Pay and Performance in Mail Centres Agreement. It will cease once a national agreement on a new remuneration scheme has been reached.

## ROUTE TO ACCOMPLISHMENT AND RECOGNITION AGREEMENT BETWEEN ROYAL MAIL LOGISTICS AND THE CWU

Both the 2001 and 2002 agreed pay awards between Royal Mail Logistics and the CWU recognised that improved terms and conditions facilitated by major change would be the key factor to advancement.

In regard to terms and conditions both parties equally agreed the joint aims of maintaining and improving reasonable earnings expectations, increasing guaranteed basic pensionable pay 52 weeks of the year and to introduce new methods of reward and incentive for all frontline employees. This agreement reflects further agreed progress in line with those aims, which includes the speedy implementation of change whilst avoiding service disruption.

Subject to reaching agreement on each aspect of the 'Transport Review' and the achievement of satisfactory progress to timescales as detailed below then the defined improvements in terms and conditions will be realised through the shared success of the project. The agreement also encompasses the 2003 and 2004 pay awards with the next pay review date being 4<sup>th</sup> April 2005.

### PHASE 1. OCTOBER 2003

#### OPERATION

- Make progress on the actual implementation of the Midlands hub strand shown by closure of hubs and start of operations at the new Midlands hub prior to October 2003.
- Implement some of the rail strand, e.g. replacement road services for rail cessations
- Open the new East London hub

#### TERMS AND CONDITIONS

- For all Royal Mail Logistics employees there will be a 3% increase on all elements of pay with effect from the 6<sup>th</sup> of October 2003. This increase would flow through to shift payments, allowances, overtime, and Scheduled Attendance payments. (This would not flow through to supplements, bonus, reserve rights payments and frozen elements of RRIS). There would be an increase in London Weighting ( Inner and Outer ) of £300. Any change will be subject to Royal Mail Group agreement.
- Upon conclusion of the operational changes, for all Royal Mail Logistics employees on the OPG and LA grade (including ex PHG's and SL3-6 with reserved rights) there will be a £5pw increase to basic pensionable pay.

### PHASE 2. JANUARY 2004

#### OPERATIONAL

- Complete implementation of the Midlands hub strand shown by the closure of the remaining Midlands hubs prior to end January 2004.
- Reach agreement on the South East strand by December 2003.
- Complete implementation of the TPO Strand shown by all new air and road services implemented by 10<sup>th</sup> January 2004.
- Commence implementation of air and rail strands shown by the agreed reconfiguration of rail hubs and move to new air services.

#### TERMS AND CONDITIONS

- Upon conclusion of the operational changes and agreements, for all RML employees on

the OPG and LA grades ( including ex PHG's and SL3-6 with reserved rights ) there will also be a £16.28 per week increase to basic pensionable pay of which up to £5 per week will be consolidated from PBS supplements where possible. The target date for payment is from Monday 26<sup>th</sup> January 2004.

### **PHASE 3 APRIL 2004**

#### **OPERATIONAL**

- Complete implementation of the NDN strand.
- Complete implementation of the air and rail strand.
- Complete implementation of the South East strand.

#### **TERMS AND CONDITIONS**

- In recognition of implementation of the milestones for all Royal Mail Logistics employees on the OPG and LA grades (including ex PHG's and SL3-6 with reserved rights) there will be a £5 per week increase to basic pensionable pay with effect from 5<sup>th</sup> April 2004. This will be paid from the Monday of the week in which change is achieved.
- Not linked to change for all Royal Mail Logistics employees on the OPG and LA grades (including ex PHG and SL3-6 with reserved rights) there will be a 1.5% increase on all elements of pay with effect from 5<sup>th</sup> April 2004. This increase would flow through to shift payments, overtime, and scheduled attendance. ( This would not flow through to supplements, bonus, reserve rights payments, frozen elements and RRIS )
- It is also agreed that SA payments will be paid on 4wks of annual leave per year
- Up to £15 per week increase in regional RRIS payments in some areas of the South East and reinstatement of payments not currently paid. The schedule of these payments is published separately. This is not linked to change and will follow overall Group agreements.

#### **WORKING TIME DIRECTIVE/EUROPEAN DRIVERS HOURS**

It is agreed that should current legislation change in regard to working time restrictions during the time span of this agreement, that discussions will take place to ensure that the joint aims of the 2002 pay agreement between the CWU and RML on operational requirements and employee expectations can be met.

#### **MAJOR CHANGE REWARD TRIGGERS FOR PAYMENT**

The effective working of the joint RM Logistics/CWU National Team and their monitoring of progress will be key to ensuring the change programme is implemented to schedule and the improvements to terms and conditions are achieved. Both parties will work together and provide best endeavours to ensure all strand discussions occur in an expeditious and professional manner and change is not delayed other than due to circumstances beyond both parties control.

Should it be agreed by the parties at National level that appropriate progress is being made then there will be no delay to implementing the appropriate payment.

## BONUS SCHEMES

The business and the CWU give their commitment to introducing new bonus schemes for indoor staff and drivers in Distribution Services as soon as possible.

The PBS scheme in RDC's and WBC's will cease no later than the 31<sup>st</sup> March 2004 and be replaced by two separate schemes, one for the Indoor Operation and one for the LGV Operation. PRDC will continue in its existing scheme for the time being with the intention to move to the new RDC Indoor scheme. All Rail and Air hubs will continue with their existing arrangement until such time as a replacement scheme can be developed.

It is intended that the new schemes will change the culture and employee approach to the way of working in RML. Embracing these schemes will result in timely employee reward linked to real business benefit. Against that backdrop both parties will commit to identify the expected core incentives upon introduction of the schemes.

## SUPPLEMENTARY ALLOWANCES & PAYMENTS

The business and the CWU are concerned about the range of differing allowances and reserve rights payments currently in place and recognise it is timely to review the situation. It is agreed that negotiations will take place to deal with the outputs of that review and determine approaches to address its' findings

## MTSF - Heads of Agreement

### Introduction

1 This is an annex to the MTSF Agreement. It reaffirms the MTSF Agreement except where it specifically adds to or varies it. The terms of this agreement will apply to all employees within CWU represented grades with effect from 1<sup>st</sup> October 2003 and are binding on both parties. However, where employees have been formally offered more favourable terms, prior to the date of this agreement, these will be honoured. As the agreement covers the Royal Mail Group plc, there can be no re-negotiation or amendment to the changes set out below other than at Royal Mail Group and CWU Deputy General Secretary (Postal) level.

2 The parties to this agreement recognise that the current Recovery Programme and the separate on-going operational changes required can only be speedily and effectively achieved through its people sharing in success. Success sharing includes fair and reasonable terms for those leaving Royal Mail Group; and fair and reasonable protection for those who remain and whose pay and pensions would otherwise be adversely impacted by the change process.

3 Against this background the Royal Mail Group and the CWU jointly agree the following:

(1) Statutory Consultation: It is jointly recognised that in change situations individuals are concerned to know, as quickly as possible, what is happening to their jobs and what options are open to them. There is scope, within statutory consultation requirements, to affect both Trade Union and individual employee consultation more rapidly. The CWU therefore recognise that, wherever possible, and in compliance with statutory requirements relating to establishments where less than 100 employee jobs are affected, that the joint aim will be to complete consultation in 30 days. This provision does not remove the requirement and joint aims under the IR Framework and agreed timescales in other relevant agreements to consult on changes as early as is practicable. It is also agreed that individual employee consultation can take place concurrent with the last two weeks of the statutory period and that employees will be given at least two weeks notice of any change to their job or new job placement;

(2) An additional opportunity for 50-54 year olds in a surplus situation to leave on a mutual agreement basis: the MTSF "Criteria for Offering Voluntary Redundancy" imposes a two-year ceiling on the costs of voluntary redundancy. This effectively denies 50-54 year olds with more than five years membership of the Pension Plan, the opportunity to leave in situations of over-subscription. Although the parties have explored the potential for lifting this cap the costs remain prohibitively expensive. However, the parties are aware that some 50-54 year olds, in the position of being denied voluntary redundancy, might be interested in leaving on other terms if these were sufficiently attractive. To meet that need a form of Termination by Mutual Agreement (TMA) has been devised offering the following improved terms from those currently available: This is an additional proposition to those contained in the original MTSF agreement, and will only apply when a surplus of volunteers would otherwise preclude release of any 50-54 year olds.

EITHER:

Option A

A lump sum equivalent to three weeks pay per year of service for the first 10 years, and four weeks' pay per year of service thereafter, plus an additional two weeks' pay for each year aged between 40 and 50, subject to a maximum of 104 weeks pay plus:

Entitlement to an actuarially reduced pension or to defer their pension until age 60;

OR

Option B

Immediate payment of a non-enhanced and non-reduced pension, based on actual pensionable service, without any lump sum compensation.

In order for an employee to receive either of these options a standard compromise agreement (the content and format will be shared with CWU but responsibility for application rests with Royal Mail Group) will be required to be signed before the termination takes place.

(3) Opportunity for Termination by Mutual Agreement where placement is possible. *This opportunity only applies where voluntary redundancy is not available, and will not be used as an alternative to voluntary redundancy.* Royal Mail Group and the CWU recognise that some employees might be interested in leaving rather than being placed, *and that the availability of TMA may help to accelerate change.* In these circumstances only the following terms will be available for operational grades:

A taxable lump sum equivalent to 2 weeks pay per year of service for 1-10 years, plus three weeks pay for each year of service 11-20 years; plus 4 weeks for each year of service more than 20 years, subject to a maximum of 104 weeks pay

[Note: individuals between the ages of 50 and 60 are also entitled to an actuarially reduced pension or to defer their pension until age 60]

Terms will only be made available during the statutory consultation period set out at 3 (1) above.

Decisions relating to the extent to which these terms will be made available will be a matter for individual Business Units/Recovery Programmes in consultation with the CWU. However, all Business Units/Recovery Programmes will take into account the following key criteria:

The objective to reduce *the number of temporary* contract staff by offering them substantive contracts when individuals are released.

To avoid recruitment and training costs

Impact on operational service and efficiency (including skills dilution)

Recruitment difficulties in the locality.

(4) Temporary contract staff

Royal Mail Group and the CWU recognise and agree there must be a consistent and equitable approach on the employment of all specific event and time contracts.

The key principle covering all aspects of temporary employment are as follows:

- Royal Mail Group employees will be employed on substantive contracts except where there is a genuine short term need identified. CWU will be consulted in advance when there is any such requirement. Where such a need is identified specific event and time contracts may be issued for more or less than 12 months with the period of the event being the determining factor. Such contracts will not exceed 2 years unless it has been jointly agreed that there are very exceptional circumstances.
- The joint commitment will be to reduce the current number of temporary contracts by effective resource planning and joint co-operation in securing and implementing operational change covered by national agreements to the required timescales. Individual business units/recovery programmes will agree with CWU how they plan to substantiate temporary contract employees, giving priority to those with more than 2 years service and reviewing progress with CWU on a regular basis.
- Following the completion of the major change programmes, all remaining temporary contract staff within the resourcing area will be offered substantive contracts where vacancies exist.

Progress towards the implementation of these principles will be jointly reviewed on a 6 monthly basis by Royal Mail Group/CWU Headquarters.

(5) Part to Full Time Employment Opportunities: As part of the resource planning referred to in para 3(4) those permanent part time employees who have been working full time hours in excess of 2 years will be given the opportunity to indicate their desire to move to a substantive full time contract when one becomes available. It is recognised that the date of any move from part time to full time would be identified through the local planning exercise, which in some cases will mean a projection being given to move to a full time contract on a future date.

There will therefore be an urgent requirement for all area and BU managers to identify any employees within their areas of responsibility with over 2 years service who are affected by the above.

(6) Pay Protection: as part of the resolution of outstanding MTSF issues, Royal Mail Group has agreed to extend the eligibility for pay protection. This will now be applicable to all situations where an individual is displaced and loses a level of pay as a consequence of business driven change. Individuals will not be eligible where they elect to change shift or job as part of the normal resourcing process or where individuals elect to participate in a re-sign or re-pick voluntarily. The terms of protection will be as follows and replaces Appendix 2 Pay Protection policy, paragraphs 5.2, 5.5 and 5.6.

For those individuals aged between 50 and 60 years old, whose new job attracts a lower level of pensionable allowance (and non-pensionable element of Service Delivery Night Shift Allowance if applicable) than that received in total by the employee in his/her old job and, at the date he/she is displaced from the job, the employee has been fulfilling a role to which these allowances applied continuously for more than six months, then he/she will continue to receive the difference between the old level of allowances and the new, as if they were still carrying out the previous role. This protection of allowance will continue for a maximum of ten years or until the employee is aged 60 whichever is the earlier. The terms of this paragraph apply to existing employees in the 50 to 60 year age group at the date this agreement is reached and to other existing employees entering this age group over the next three years. Thereafter the arrangement will be jointly reviewed.

For all other individuals the following terms, payable for a maximum of 3 years, will apply to protection of Pensionable Allowances (and non pensionable elements of service delivery night shift allowance if applicable):

Time period where in receipt of continuous allowances	Lump sum equivalent of differences
> 6 months	0
6-12 months	17 weeks
12-18 months	34 weeks
18-24 months	1 year
24-36 months	1 year 17 weeks
+ 36 months	3 years

Lump sums will be paid weekly or monthly in arrears dependent on the employee's normal period of payment.

In recognition of the increased cost of wider eligibility for protection of Pensionable Allowances, overtime and non-pensionable allowances will no longer attract protection (except the non pensionable element of night shift allowance as described above).

Where an individual moves to a lower grade or a different Business Unit he/she will remain on the pay rate of his/her original grade in the original business unit in perpetuity.

(7) Pay Protection – Resourcing

In circumstances where pay protection applies, resourcing will be managed in line with the following process that both provides protection of pensionable earnings, and is also cost effective. (This process exceptionally overrides the normal resourcing process for only the period in which pay protection applies and only to deal with those jobs affected by pay protection). Where a potential pay protection situation is identified in the early stages of consultation with CWU on change, the normal resourcing process (including any re-signs) will be varied so that appointment to vacancies on the affected shifts will be on an interim basis. It will be explained to any employees taking these jobs that they may be displaced from these jobs when the change is subsequently introduced.

- (i) Where there is a surplus of individuals receiving shift or other pensionable allowances, jobs and jobholders will be categorised by shift and work content into the following:
- Mech jobs (with any mech work content)
  - Indoor manual jobs
  - Outdoor manual jobs (loading bay/ platform jobs and driving jobs are classed as outdoor)
  -

## Shifts

- Dawn shift (starts between 0201-0400)
- Early shift (starts between 0401-0500)
- Early shift (starts between 0501-0530)
- Evening shift (finishes between 2000-2139)
- Late shift (finishes between 2140-0159)
- “Short” night shifts (typically finishing 0300)
- Standard night shift (spanning 2300 to about 0500)

Within each category those to be displaced onto different shifts/jobs, which attract lower levels of allowance, will be selected in the following order:

First, those under 50 years old or over 60 years old in the order of length of time they have received the allowance, the least period of time first.

Second 50 to 60 year olds in the order of length of time they have received the allowance, the least period of time first.

- (ii) Where individuals are displaced from a shift or job attracting pensionable allowances, to other vacant jobs, then the principle is that the vacancies should be offered in a way which involve least loss of allowance (ie highest earning shifts/jobs first) subject to them meeting any selection criteria applying to a skills allowance) in the following order:

To 50 to 60 year olds in order of the length of time they have received the allowance, longest first.

To other displaced employees in order of the length of time they have received the previous allowance, longest first.

Where there are a number of employees displaced from one shift to another the vacant jobs will be selected by the employees using the normal process.

- (iii) When subsequent vacancies occur on the employee’s original shift (as categorised in para 3(7i) attracting the higher levels of pensionable pay then priority will be given to those individuals who have been displaced, in the following order:

First to 50 to 60 year olds in order of the length of time they had received these allowances, longest first.

To other displaced employees in order of the length of time they have received the previous allowance, longest first.

- (iv) Any employee who does not accept a vacant job offered under the arrangement at paras 7ii and 7iii above will no longer be eligible for pay protection.
- (v) Where a subsequent vacancy occurs which is not of the type of the original shift but does attract a higher level of pensionable allowance than their current shift but less than that from which they were previously displaced, this will be offered in the same order. Should any individual decline such a move then the amount of pay protection will be reduced to the amount he/she would have received on the offered shift, but no individual would be expected to accept more than one interim move.
- (vi) Resourcing of specialist jobs will be dealt with separately from core jobs but following the same principles and process where there is more than one specialist job on the same shift.

- (vii) Where there are rotations and business driven change results in loss of pensionable allowances (and the non-pensionable element of the night allowances) then the rotations will be dealt with separately from the fixed shifts but following the same principles and process as in paragraphs 7i to 7iv.
- (viii) These arrangements will operate by operational unit (e.g. Mail Centre, Delivery Office) unless otherwise varied by local agreement.
- (ix) The terminology of the pay protection resourcing arrangements refers specifically to operational arrangements in UK Mails. However, the same principles apply to other operational business units in Royal Mail Group plc.

(8) Mail Rail and TPOs

Both parties agree that the closure of Mail Rail and the cessation of TPOs affect the people working in these units in a unique way. In these exceptional circumstances individuals may be exempted from the MTSF agreement controls that could have enforced their placement into other jobs or prevented their departure under voluntary redundancy terms.

In all other circumstances the provisions of the National MTSF agreement apply fully and without exception or variation.”

(9) General: the paragraphs above represent the main features of the proposed Agreement. It is jointly understood that detailed operational guidelines will need to be agreed in the interests of enabling speedy, consistent and effective implementation of the new terms. This will also include the extent to which other existing agreements are affected by these proposals.