

TP/24000/17/hn

19th September 2017

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 Group: Communication Workers Union

 @CWUnews

From the office of **Terry Pullinger** Deputy General Secretary (Postal)

Email: tpullinger@cwu.org | Direct line: 020 8971 7253

Dear Mike,

Four Pillars and CWU Pay Claim

I am writing in reply to your letter dated 8th September 2017 (attached for ease of reference) and further to our ongoing discussions around the Four Pillars and the Union's Pay Claim 2017.

Before addressing in detail the points raised in your letter, I first want to restate the Union's concerns, articulated in our recent talks in Gatwick, about the unprofessional and disingenuous way the latest offer was presented. Having arranged further talks with the CWU negotiators, the company unfortunately decided that rather than table the offer in the context of formal talks with the Union, it would publish the basic details direct to employees late on a Friday evening – a move which only serves to erode trust, undermine the integrity of further negotiations and ultimately make securing an agreement more difficult.

Prior to receiving your letter, both parties had been in talks aimed at agreeing key negotiating principles around the Four Pillars and 2017 pay award to provide the basis for further meaningful discussions. Although we have made limited progress in some areas, the CWU's negotiating team and Postal Executive did not feel enough significant progress had been made on the key issues between us to delay authorisation of the ballot.

The Union's decision to ballot and the company's subsequent decision to make an improved offer and publicise details direct to staff, has clearly changed the dynamics of the negotiations and rather than seeking an agreement on key negotiating principles, the CWU are now determined to secure a substantive agreement in relation to all the key outstanding issues, some of which you have linked to your latest pay offer.

Returning to the latest publicly declared pay offer, the CWU do not believe it goes anywhere near to meeting the aspirations set out in the Union's pay claim letter dated 17th March 2017 (attached for ease of reference).

We believe that both the previous and this revised offer fail to build upon the commitments in the Agenda for Growth Agreement to recognise that improving pay and maintaining the standard of living of our members is an essential part of the mutual interest agenda, the reward package and a genuine reflection of the ongoing contribution our members make to the success of the business year on year.

The CWU believe that a combination of rising inflation, increased productivity (which has met Ofcom's own efficiency targets and triggered higher dividend payments to shareholders) and continued profitability, provides a compelling and affordable case for a consolidated, inflation-proofed basic pay rise for all CWU represented grades in Royal Mail Group from the 1st April 2017 review date.

We therefore believe that a clear percentage rise flowing through to all elements of pay is totally justified and disagree with your seemingly adopted formula of an advanced lump sum payment to be considered for consolidation at a later date. By your own omission the £375 unconsolidated lump sum payment represents somewhere in the region of a 1.5% increase in basic pay, not flowing through to all elements of pay which in itself falls way short of current inflation as measured by RPI, currently at 3.9%, which means that our members will suffer in effect a reduction in their standard of living security.

We absolutely do not accept the company's position of abandoning our traditional system of national pay bargaining (which has operated for decades and provided for annual, consolidated basic pay awards linked to cost of living indicators and measures of company performance) and replacing it with a productivity related pay system where the lump sum is tied to a number of un-agreed and unacceptable strings and conditions. This includes trialling of new methods, such as multi-bundle outdoor delivery, new indoor preparation methods, upstream automation, large letter walk-sort and first wave sequencing, self-managed walks and groups of walks, trials of automated data capture, continued introduction of LAT's together with continued work on reviewing attendance procedures and a lump sum buyout of legacy allowances.

Notwithstanding the CWU rejection of your offer on the grounds that it is totally unacceptable, we also find it unacceptable that the offer makes no reference to addressing the longstanding problem of part-time employees' holiday pay, or indeed the introduction of a shorter working week.

We also do not accept the veiled threat contained in your letter in relation to industrial action and the withdrawal of Agenda for Growth protections, none of which helps build confidence in further talks.

Against that backdrop I can formally confirm that the Postal Executive have considered your offer and have rejected it based on all the issues raised above.

I thank you for your time and look forward to a revised offer hopefully being tabled in our negotiations in the first instance as opposed to the public domain.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T. Pullinger', with a large, stylized flourish underneath.

Terry Pullinger
Deputy General Secretary Postal