



JOINT STATEMENT:

Balanced approach to Growth, Efficiency and Incentives

Royal Mail Group and CWU have been exchanging views and information about the accelerated impact of direct delivery competition.

To respond to these changing market developments a Joint Statement has been agreed to do more on growth, address efficiency issues and introduce new incentive arrangements covering the period April 2014 to April 2015.

1. A more focused plan for growth includes:

- Enhanced customer offerings e.g. opening up the Network and delivery enquiry offices at weekends and piloting Sunday deliveries.
- Making the most of our network e.g. filling returned legs in logistics and exploring new upstream work such as warehousing.
- An immediate review of the existing work plan and overall pipeline to look at radical opportunities for growth outside of the constraints of our existing networks and delivery specification, e.g. consideration of more flexible acceptance and delivery times.
- Looking at diversification of the business to create new revenue streams.
- The Optimised Mail Preparation Project, which is at the concept stage, will now be fully integrated into the wider work plan review.

Programme of national and regional workshops to encourage new ideas and develop joint actions.

2. Efficiency

Local resourcing and workload reviews will take place with a balanced list of objectives including:

- To address rises, falls and variability in workload.
- To maintain and where possible improve efficiency and quality of service.
- To enforce the right of employees to a fair and manageable daily workload, remembering there is a limit to what employees can reasonably be expected to do.
- To reduce agency and casual staff.

There will be no predetermined targets and all local reviews will be in accordance with existing national agreements and guidelines.

3. Profit-related incentive 2014-15

- If the annual profit target (see below) is beaten, all CWU grade employees between them receive a lump sum in June 2015 (pro rata for part time employees), based on the higher of **either**
 - » Up to the first £15 million of profit above target: **or**
 - » A 50/50 share of any profit achieved above target

Explanation of the profit target: This is defined as the Group Operating profit before transformation costs. The target has been shared with senior CWU National Officials. It cannot be shared with employees as it is commercially sensitive. It is the same target as that used for Royal Mail senior executives' annual incentive plans.

- Royal Mail and CWU are committed to introducing more focused and tailored incentive arrangements beyond 2015. The joint aim is to conclude discussions by March 2015.

4. MTSF review

- The MTSF review is deferred until May 2015.
- Until then, current MTSF terms continue with the following enhancements to buy- down options.
 - » The company will pay 50% of the cost of tax and National Insurance for employees choosing to buy-down their hours.
 - » There is a new option linked to pensions that increases the formula for the lump sum by 25% and means this is tax and National Insurance free under current HMRC Guidelines.

The Joint Statement applies to all Royal Mail Group employees' in CWU represented grades (including Parcelforce).

A full copy of the Joint Statement can be found at www.cwu.org or myroyalmail.com