

# National Agreement between Post Office Limited and CWU

## Working Towards a Prosperous and Long Term Crown Office Network

### Introduction

This National Agreement is designed to remove unnecessary costs from the Crown Office Network. This in turn will help ensure the Crown Network is on a flight path to profitability, which is a shared objective. To this end this agreement should be read in conjunction with Alan Cook's letter to Andy Furey dated 22<sup>nd</sup> July 2009 (appendix a).

POL and CWU have a shared desire and aspiration to create a viable and sustainable Crown Network. It is recognised should the Crown estate continue to lose money at current levels it will jeopardise its long term future. By definition doing nothing is not an option. Accordingly the measures included in this agreement will significantly contribute to the long term sustainability of the Crown Network.

To demonstrate, this approach is not 'managed decline'; POL reaffirms its commitment to retaining 373 Crowns until **at least** the end of the current business plan. This commitment in reality protects Crowns until 1<sup>st</sup> April 2011.

The timing and delivery of this agreement is critical as POL is preparing to engage Government in discussions for funding for the 2011/16 business plan. Assuming a credible plan to return the Crowns to profit POL **would like the current Crown network to continue for** the next five year plan and beyond.

### Background

In 2006 POL secured £1.7bn of Government funding necessary to deliver the current five year business plan. In return POL agreed to deliver a number of objectives including returning the Crown network to break even by March 2011.

At the start of the plan the Crown network was losing £70m per annum. Difficult decisions were taken to reduce the loss including the franchising/closure of 85 offices. Had this action not been taken the loss would have risen to over £100m by the end of the plan.

Despite this and other tough measures, in February POL realised the Crown breakeven objective would not be achieved in the life of this plan. The forecast loss with Government agreement was revised to £20m by 2011. Circumstances arising from the current economic climate have now conspired to make the 'breakeven' challenge more difficult than originally anticipated. On current performance the Crown Network is facing a loss of up to £50m by 2011.

## **Cost Saving and Next Steps/Activities**

**POL need to achieve** £10m of cost savings over the remainder of this financial year. Cost savings initiatives will be shared on a proportional basis between CWU represented grades saving £7.5m and management grades who will contribute £2.5m. Cost savings will be limited to £10m in this financial year. Working at pace is important as the earlier savings can be identified and realised the greater our ability to minimise the impact on people.

Consequently the following cost saving activities has been agreed.

### **1. National Permanent Duty Review Agreement (PDRA) 2009**

1.1 PDRA Phase 1 has been completed, Phase 2 is currently underway and Phase 3 will commence with a November completion date. Planning work for Phase 2 and 3 has been completed and it is anticipated that:

- 63 Crowns will receive additional hours
- 138 Crowns will retain current hours
- 169 Crowns will have reduced hours

These numbers may change as the duties are implemented.

1.2 As agreed in the PDRA, where surplus hours exist after the duty review, changes will be made in the following order:

- Vacant duties will cease
- Fixed Term/Specific Event contracts(FTC/SEC) will cease
- Temporary variations to contracted hours for permanent employees will be reviewed
- Appropriate surplus employees identified and redeployed to suitable vacancies and/or bump FTC/SEC
- Voluntary Redundancies via preferencing in accordance with MTSF

1.3 In Crowns where surplus hours exist and where there is no FTC/SEC in post:

- Surplus permanent employees will be redeployed to nearby Crowns with no surplus hours which have vacancies and/or FTC/SEC. In these circumstances FTC/SEC in the receiving Crown will cease.

1.4 Where an individual is displaced the Crown Office Staffing Agreement (COSA) redeployment process at 6.9 will be used. Placements will be within reasonable travelling distance and excess travel expenses will be paid for three years in accordance with MTSF. Full appeal entitlements will apply.

1.5 The six individuals on a SEC contract that will have completed two years service on 6 August 2009 will be offered a permanent contract. Individuals will be offered a permanent contract if they have completed two years service on the date their SEC contract is due to be ceased.

Where there is an opportunity to retain a FTC/SEC on a permanent contract and there is more than one FTC/SEC in the Crown, selection will be based on performance measured by individual's having already passed the trial period and progressed to 'Fully Competent' via the pay progression agreement.

1.6 Once Phase 3 of the permanent duty review has been completed and there are no surplus employees with all permanent staff in templated posts, any FTC/SEC covering templated positions will be made permanent. Future recruitment to vacancies will be on a permanent contract basis.

1.7 Following refurbishments under the Crown Office Refurbishment Programme (CORP) in line with our 2008 PostShop agreement, surplus SEC/FTC employed in PostShops will cease. Where there is a vacancy and no surplus permanent employees in nearby offices, PostShop SEC/FTC will be offered a permanent CSC contract in accordance with the existing PostShop agreement.

## **2. SEC Compensation Payments**

2.1 SEC with more than a year's service, whose contract is ceased, will be asked to sign a compromise agreement. Those receiving a compromise agreement will be required to obtain independent legal advice. POL will reimburse up to £350 plus VAT, of legal costs. Individual's can decide which solicitor they wish to use. The CWU have arranged for Simpson Miller, their recommended solicitors, to be available for advice and support in relation to the compromise agreement if individuals so wish. This facility will be included in any letter notifying individuals whose contract is ceasing.

2.2 SEC signing a compromise agreement will receive the following compensation

- SEC with between 1 year and 18 months service at their last day of employment will receive 5 weeks notice plus compensation of 1 month's salary
- SEC with more than 18 months service and less than 2 years at their last day of employment will receive 5 weeks notice plus compensation of 6 weeks salary

2.3 Appeals against the decision to cease a SEC will be heard by a manager who has not been involved in the original decision. At appeal hearing individual's may be accompanied by a CWU representative or work colleague.

### **3. Preference Exercise, Redundancy Terms and VR Selection Process**

3.1 To identify volunteers for redundancy a preference exercise will be conducted in Crown Offices where there are currently **124 FTE** surplus permanent employees above the agreed template and no SECs/FTCs in post. Initially this will cover 85 offices, though further instances may need to be identified. A list of these initial offices is shown in appendix b.

3.2 The preference exercise will commence in August with offers being made to individuals in September. Individuals leaving on VR will have a last day of service at the end of December. This approach will ensure that risk to service at Christmas, a critical time, is avoided.

3.3 Where VR is offered the Group MTSF agreement will apply. In individual Crown Offices where there is a surplus of volunteers TMA terms will apply to employees within the 50 – 54 age group where their total redundancy costs exceeds 2 years pay.

### **4. COSA paragraph 4 - Flexible Attendance System (FAS) and Overtime**

4.1 The Flexible Attendance System including the 'Banking of Hours' is the standard approach that must be used and applied consistently to match staff levels with customer flow.

4.2 Where appropriate overtime will still be available in accordance with COSA paragraph 5.1 to supplement the FAS, although the Crown overtime budget will as necessary be reduced overall. Overtime will still be available for peak trading periods, particularly the Christmas pressure period. At all other times Managers should only use overtime having exhausted the FAS.

### **5. Use of Casuals**

5.1 Casual staff must only be used once all other methods of staffing including overtime have been exhausted in accordance with COSA 6.10.

5.2 For the duration of this agreement there will be no external recruitment, temporary variation to contract or engagement of casuals until the Operational Efficiency team is contacted by BMs/CAMs. External recruitment, including the engagement of casuals will be carefully monitored and authorised centrally. The OE team will advise and support CAMs and BMs so that authorised template levels can be resourced to. HRSC will not act on any changes via RRFs or RES forms unless authorised by the OE team.

5.3 All short to mid term resourcing requirements will be resolved by using the following list in priority order:

- Deployment of any remaining surplus employees from nearby Crowns
- Use of Flexible Attendance System
- Part timers being given the opportunity to increase their contracted hours up to and including full time
- Overtime allocated after authority given by CAM
- Movement of permanent colleagues from low risk to high risk Crowns identified by the CAM using COSA principles
- External recruitment with specific event/temporary contract resource to cover absence, eg. maternity leave, long term sick
- Casuals engaged as a last resort where none of the above is possible and a risk to service remains.

## **6. Christmas/New Year Arrangements**

6.1 Crown Offices will be closed from 12:00 on Thursday 24 December until they open for normal trading on Tuesday 29 December (assumes Postcomm agrees to RMGs proposal to close branches on Saturday 26 December).

As December 26th (Boxing Day) falls on a Saturday the official bank holiday has been designated as Monday 28 December. In view of this there will be no clawback of scheduled hours not worked on Saturday 26<sup>th</sup> December.

6.2 All Crown offices will close at 4:00pm on New Years Eve. (New Year bank holiday arrangements in Scotland are still subject to agreement with Postcomm and will be discussed with the CWU when the outcome is known)

## **7. FSS**

7.1 Recruitment of external FSS will be **suspended** to avoid additional surplus hours and the need for further cost and headcount reductions. The current level of 440 FSS posts will be maintained where necessary through internal recruitment and selective external recruitment where necessary.

7.2 For all FSS basic pay will be enhanced with the consolidation of the £1000 Level 1 annual allowance.

## **8. Joint Management Review**

8.1 In recognition of the need to include all employees in this cost saving activity, management grades across the Crown Network will be jointly reviewed to ensure a £2.5m cost saving. The CWU are invited to participate in a joint review of the management structures with POL and Unite/CMA. An agreed Terms of Reference will be constructed to aid this initiative.

## **9. Important Related Issues Requiring Further Negotiation**

9.1 Product Sales Specialists (PSS) – The introduction of PSS for mails work will be the subject of urgent negotiation so that deployment can be achieved as a matter of urgency.

9.2 Crown Career Path – Due to the cessation of the RSC and changes to FSS & PSS there is an urgent need to review and update the Career Path Booklet. Discussions will be timetabled to deliver the required changes.

## **10. Communications**

10.1 Joint communications will be agreed to provide clarity and sensitivity and offer support to those directly affected. These will start with a WTL session on 11<sup>th</sup> August.

10.2 The CWU will also hold a National Briefing of its representatives (TCR's & Section Secretaries) to explain the agreement in full. Paid release will be given to attend this Briefing and reasonable travel expenses will also be borne by POL.

## **11. Implementation**

11.1 To maximise the benefit to the business and therefore provide maximum protection for the Crown network the various elements of this agreement will be implemented as quickly as possible. To this end, CWU will be fully involved in the deployment of this agreement.

11.2 If the delivery of these arrangements does not deliver the expected £7.5m savings then further opportunities will be explored, negotiated and agreed with CWU. It is also agreed that the resourcing arrangements contained within this agreement will be concluded when the £10m savings are achieved this financial year.

## **12 Disagreements**

In the unlikely event of any disagreements arising from the implementation of this agreement, this will be progressed in line with the IR framework agreement. With Points of Principle referred to the signatories of this agreement for resolution.

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5 August – CWU 5 draft