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From the office of **Carl Maden** Assistant Secretary
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1st November 2022

Harry Gasiorski
HR Director
Royal Mail Property & Facilities Solutions Limited
Royal Mail Headquarters
185 Farringdon Road
EC1A 1AA

BY EMAIL

Dear Harry

Update on Pay Discussions for CWU Represented Grades in Royal Mail Property & Facilities Solutions Limited (RMPFSL)

Thank you for your letter of 28th October 2022 with your latest proposal to resolve pay negotiations for CWU Represented Grades in Royal Mail Property & Facilities Solutions Limited (RMPFSL).



We also note your further email of yesterday, the 31st October, which advises the details of your letter of the 28th October are your 'full and final offer'.

As stated at the meeting on Monday 24th October, we are bemused by your latest proposal as it has gone backwards and is also most certainly not within the spirit of the discussions we have held.

Within your letter you state "*Whilst we are committed to reaching an agreement, this of course has to be balanced against affordability and as such we have to be realistic with our revised proposal.*"

Your words are not followed through by your actions. Being realistic is the company accepting our members worked through the pandemic in the workplace as key workers and acknowledging without our members, Royal Mail Group would not have made record profits. This is not recognised in your proposal, however in a recent communication to your employees/our members you wrote "It is important that we continue to provide our fantastic services throughout this period to our

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customer and parent Royal Mail Group, ensuring that we play our part in the overall Royal Mail Group business.”

If you genuinely mean what you have written, then propose a ‘fantastic’ pay offer. Your most recent proposal has taken us backwards from reaching an agreement. We believe this to be down to you (RMPFSL) not having the appropriate authority to reach an agreement, despite you saying you do.

As we highlighted on 24th October, we do believe RMPFSL can afford a decent pay rise for our members. After looking at the RMPFSL accounts lodged with Companies House, we highlighted the way the company is structured and the dividends you give back to Royal Mail, which were £10,000,000 in 2020 and £13.5m in 2021, we are awaiting the results from 2022. As if this is not evidence enough, the highest Director in RMPFSL is earning over £333,000 per annum, whilst many of our members within PFSL are on The Real Living Wage Foundation (RLWF) minimum, which seemingly you are now seeking to use as a cap on fair pay.

Pay and Bonus – Cleaning Grades

Your proposal has gone backwards. At a previous meeting, you proposed a two-year deal, however, your current proposal is for a one-year agreement.

On the 19th October, you outlined a one-off cost of living payment of £1,200 (pro-rata for part time employees) for the 91 cleaning roles in inner London on pay protection following the application of the RLWF rates in April this year. Now you have outlined a proposed reduction in this to £1,000. When the real value of a commensurate increase for this group balanced against the RLWF uplift is approx. £1,345

It is noted that you have tabled a further one-off cost of living payment of £500 (pro-rata for part time employees) for the 157 cleaning roles in outer London that received a 2% pay increase following the application of the RLWF rates in April, but again, this is not a direct pay increase and the real commensurate figure for this group balanced against the RLWF uplift is approx. £838.

We also discussed the pension impact on lump sums along with consolidation of the above one off payments, and also how we would jointly agree how the RLWF uplift would be dealt with going forward in London given the one defined boundary as outlined by the RLWF, which your proposal completely ignores.

On the proposal concerning the re-introduction of the 85p differential for mobile cleaners. Can you confirm that this is limited to the current pay talks, or is this a wider pay policy which you are seeking to take forward?

A major disappointment has been your rejection of our proposal to bring forward the RLWF recommendation from September this year, which is in itself a recommendation by the Foundation. In short, this means that the majority of cleaning grade employees will see no further increase in pay as part of these annual pay talks and further suggests that you see this as a maximum in terms of this pay rate for these relevant employees. This is despite the very clear joint wording and commitment we signed up to in March of this year in the RM Property & Facilities

Solutions Limited (PFSL) & CWU Joint Statement in that this uplift was without prejudice and outside of this year's pay agreement.

In relation to the claims made around a further 1.5% increase in pay linked to a bonus scheme, we have been clear that we are open to further discussions regarding this, but it is not an increase in basic or guaranteed pay, and in the absence of meaningful details and progress, it remains an unqualified offer.

On the question of the £100 Christmas payment, in your letter you advise that this is proposed given the bonus system would not be in place for 2022. However, can you confirm if this payment will remain in place going forward or is a one-off payment for 2022 only?

We had hoped, in a genuine attempt to move pay forward, that the proposed two-year agreement linked to seeking to move forward the RLWF, was grounds for optimism. Your letter of the 28th October has sadly set us back considerably and is not acceptable.

Pay and Bonus – Engineering Grades

Your proposal on Engineering Grades has hardly moved and your most recent proposal just dresses a previous offer in a different way.

As you will know, we entered into the Engineering feasibility study. You are now proposing this feasibility study as part of the acceptance of the pay agreement. Please note, as of Monday 7th November 2022, we are pausing the feasibility study until such time as our members have voted to accept any pay and change agreement. We will also not be considering moving forward on phase 2 of the feasibility study, under the same terms, we will be informing our members in due course.

Despite numerous requests, you have still not laid out what you are expecting as part of the productivity improvement for the incentive lump sum payment. You have consistently avoided doing so and this tells us you don't even know what this entails and are asking us to sign up to something which you will attempt to manipulate and 'move the targets' as you go along. We will want to agree any productivity improvement for an incentive scheme and will not be signing up to any such scheme where we don't have the full information and transparency we have requested. Surely, if you are making a proposal based on productivity improvement, you will have the figures and information which is the baseline and will be able to explain your path to further productivity increases and how this will be achieved. What do you have to hide? Please will you arrange for us to be taken through this?

Pay and Bonus – Generic Admin Grades

You are offering a different, lower percentage pay increase for our generic Admin grades. As we have stated previously, we will not be accepting this.

Pensions

You have changed your proposal on pensions, this has also gone backwards.

In your statement directly to your employees/our members in August 2022 you stated *"We are also committed to looking at agreeing a roadmap to increase pension contributions over several years to bridge the gap between employees in PFSL and RMG to ensure people can save for retirement"*

This was also confirmed in your pay letter to us dated 25th August 2022. However, in your latest proposal dated 28th October 2022, you have removed this commitment and now want to discuss "on a year by year basis".

Anyone doing the analysis of our negotiations and your offers will come to the conclusion you have been disingenuous in your actions and proposals. It will not be seen as wanting to reach an agreement, especially when your current position is less than previously offered for a one-year proposal.

Despite making some progress on some of our proposal, we do not believe your proposal reaches our aspirations for our members. Therefore, we are formally rejecting your latest proposal. We note, you have confirmed this is your full and final offer and therefore we have broken down in negotiations.

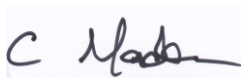
We are prepared to meet with the aim of reaching an agreement, however, only if the company can prove you are genuine about wanting to reach an agreement, your actions to date do not convince us of this.

As you will know, we have a live Industrial Action Ballot and whilst we gave a commitment we would not serve notice for Industrial Action whilst we felt we could reach an agreement, we don't believe this is a possibility from our current position and will be engaging with our representatives, branches and members regarding further Industrial Action to help achieve our objective of a decent agreement for our members.

In closing, we have now been made aware from our Representatives that you have put the proposal to our members, you will note we have rejected this proposal and we may share this letter as part of our communications.

If you wish to discuss, please do not hesitate to contact us.

Yours sincerely,



Carl Maden
Assistant Secretary



Mark Baulch
Assistant Secretary