

No: 041/25

21st February 2025

Dear Colleague,

UPDATE ON USO PILOTS

The purpose of this LTB is to provide branches, representatives and members with a comprehensive update on the USO pilots and our ongoing discussions with Royal Mail. A further LTB focusing on the content of Ofcom's consultation document and how the CWU will deal with this, will be issued shortly.

In this regard, when considering our approach to proposals for USO reform it is important that branches recognise we are dealing with this matter on a number of levels including Ofcom, Royal Mail and of course by utilising the strong commitments secured in the agreement with EP Group.

All Branches will be aware that the decision to pilot 37 sites based on the Optimised Delivery Model comes against the background of CWU playing a strong part in moving Ofcom away from their earlier consultation on a 3 or 4 day USO.

The union also recognises that Royal Mail now operates in a permanently changed world of communications and the reality of the changing mix between declining letters and growing parcels means we will need to consider a different solution for the future. In our view this is a key part of enabling the business to grow and prosper in the future and will be essential for the overall protection of our members jobs going forward.

There have been previous communications explaining our approach and the agreement reached on the pilot sites. However, as the pilots are now commencing on a phased basis from the end of February, it is worth reiterating the key principles we are applying.

1. We have not and will not endorse any predetermined level of savings or job losses from this model. Ultimately, this is an issue that will be determined by workload and the absolute priority of achieving quality of service for customers, something which Royal Mail has an appalling record on in the last few years and currently, as a result of their own managerial failings.
2. We cannot face away from the reality of Ofcom's consultation and the best way to engage on this is through the pilot sites, testing Royal Mail's assumptions, listening to the views of our members and utilising the lessons we will learn in our ongoing discussions with the company and Ofcom.
3. We all know this will never work unless there is a complete reset of employee and industrial relations and we will hold Royal Mail to account on this, which will mean, as set out in the agreement with EP Group, the introduction of a new way of managing the business at all levels and in every office.

Notwithstanding the above principles and subject to the outcome of the pilots, we believe that taking everything into account, the Optimised Delivery Model potentially has several potential benefits as set out below:

- More Saturdays off and significantly better overall attendance patterns
- The model can enable part timers to move to full time
- The model can provide genuine options to reduce fatigue on delivery
- The model has no impact upstream in Mail Centres

All employees within a pilot unit will be able to select from a list of attendance patterns, including options for reduced Saturdays and we have agreed that no employees will be adversely affected by these trials, i.e. hours will not be cut.

Royal Mail and the CWU have agreed to the following criteria for evaluating the pilots and the viability of the ODM.

- 1. Does the ODM hit a minimum of 90% first class Ofcom targets alongside second class. In addition, does it hit all commercial targets?**
- 2. Is the workload fair, manageable and achievable? Does it also provide solutions for fatigue?**
- 3. Does it provide options for improved attendance patterns and deliver more Saturdays off?**
- 4. Does it provide a platform for sustainable growth?**
- 5. Does it improve trust, morale and confidence in the workplace?**

We recognise that change is often difficult, especially given what our members are experiencing currently in the workplace. However, the current status quo is not working for our members, customers or the company. Quality of service is broken in many units across the UK, impacting our members' morale and confidence in the workplace. In addition, far too many members have unachievable workloads and Royal Mail is experiencing a resourcing crisis - totally of their own making. It is clear that unless Royal Mail is able to improve its quality of service, customers will lose trust in the business and choose to use other providers, which will ultimately lead to a serious downscaling of the service, unless something changes quickly.

That being said, the CWU will only agree to a permanent USO change which delivers a total reset of quality of service, alongside a fair and manageable workload with improved attendance patterns, more Saturdays off, no compulsory redundancies and tangible benefits for our members.

It is also important to note that in our agreement with EP Group, the prospective new owners of IDS and Royal Mail accept that CWU's support for USO reform is strictly conditional on the progress and implementation of Section 5 within that agreement, which includes:

- **Agreeing a pay rise.**
- **Equalising new entrants' pay, terms and conditions over an agreed period of time.**
- **Improved sick pay.**
- **Reduction in agency staff.**
- **Review of scheduled attendance and overtime rates.**
- **Reviewing voluntary redundancy terms.**
- **A new performance incentive scheme.**
- **New and improved ways of working.**

The USO pilots will be phased in from the end of February, with Newton Mearns in Scotland being the first to be introduced.

We will provide regular updates on the pilot's progress and next steps. We will also be in liaison with Ofcom, Royal Mail and EP Group throughout this process and we will be incorporating evidence from the early stages of the trials in our response to Ofcom's latest consultation.

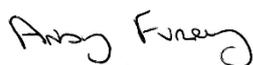
Finally, we all know the union is dealing with major issues that will shape the future of the business and we are determined to ensure that through the approach we have set out this will not be purely about savings for Royal Mail. Instead, this can be an important step in rebuilding UK postal services, restoring quality of service, enhancing our members' terms and conditions and provide a platform for future growth, as set out in the agreement with EP Group.

Any enquiries to this LTB should be referred to the DGS(P) Department.

Yours Sincerely,



Martin Walsh
Deputy General Secretary (Postal)



Andy Furey
Assistant Secretary



Davie Robertson
Assistant Secretary



Tony Bouch
Assistant Secretary



Bobby Weatherall
A/Assistant Secretary