

No. 132/26

1st May 2026

Dear Colleagues,

CWU REPS' BRIEF

Please see the attached CWU Reps' brief covering all key aspects on the Resolution of RMG/CWU Dispute Resolution Processes – Deployment of USO Reform & Equalisation of New Entrants' Pay, Terms and Conditions Agreement.

Branches are asked to ensure that this brief is sent to local Reps to engage with their members. We believe the information in this Reps' brief will help answer some of the questions being asked in units.

We are also aware that some units are without local Reps and it would therefore be appreciated if Branches could ensure that the information contained within this LTB is cascaded to the members within those units.

Any enquiries relating to the content of this LTB should be referred to the DGSP department hford@cwu.org.

Yours sincerely,



Martin Walsh
Deputy General Secretary (Postal)

CWU REPS' BRIEF ON THE CWU/RMG AGREEMENT 2026

The purpose of this reps' brief is to give you key messages and more detailed information on the CWU/RMG Agreement 2026.

We need you to discuss this with your members and ensure that everyone understands both the commitments made in the agreement and why the agreement is the right way forward for our members at this time.

KEY OVERALL MESSAGES

This agreement must be viewed in the context of the challenges facing Royal Mail. As CWU stated at the recent Business and Trade Select Committee evidence session, some of these challenges the company has inflicted upon themselves.

But it is undeniable that the permanent change in the way that society communicates has created an entirely new market for Royal Mail to compete in and has completely disrupted the way we deliver post. This is why CWU accepts that without necessary change, the company cannot survive and prosper.

In order for Royal Mail to operate a sustainable postal service fit for the future, the status quo is not an option. Instead, we need to put real solutions on the table that serve the interests of the workforce, customers and the company.

The overall agreement and more favourable political environment we have created will help our members and the company get back on track. In our briefings with representatives, we have made clear that this agreement must be enforced in a way where no workplace will be left behind in this process - the safeguards secured will ensure this. We are asking all branches and divisions to adopt this approach.

There is no single agreement that will resolve every issue in Royal Mail but this is our best opportunity to end the daily chaos our members and customers have put up with for too long.

USO

THE REASON WHY USO CHANGE IS REQUIRED

Universal Service Obligation (USO) reform is required to address letter volume decline, an increase in parcel volumes, to make the company more financially sustainable and to be able to invest in new areas of growth. As a result, Ofcom changed the USO regulations in July 2025.

WHAT ARE THE CHANGES?

Following extensive consultation, Ofcom introduced new USO requirements last year. The new specifications are as follows:

- First Class items and all parcels will continue to be delivered every day, Monday to Saturday (Royal Mail will continue to deliver parcels on a Sunday).
- Non First Class letter items will be delivered every **other** weekday, Monday to Friday (**not on Saturdays**).

Ofcom have also reduced Royal Mail's service quality targets.

It is important to remind our members that they are not voting on whether or not USO reform takes place - that decision has been made. We are voting on how these changes will be operationally deployed and how Royal Mail deliveries will adapt to fit these new requirements.

PROBLEMS WITH THE ODM

Under the current delivery arrangements, employees will deliver all mail Monday to Saturday, whether they work as part of a CDV pairing or as a singleton van, for firms, rural or use an HCT.

Under the ODM model deployed within the 35 pilots, two of the four duties were performed by a CDV pairing, which delivered all mail Monday to Friday. The reduction in the number of days an address receives delivery of non-priority mail resulted in a much higher call rate than the current USO model.

The singleton van duty then performed 1st class and parcels for the two other walks on Monday to Friday.

All four walks delivered just 1st class and parcels on a Saturday.

This meant a driver was not on a settled walk and rotated between the all-mail CDV route and the single van duty. Non-drivers had no choice but to deliver all mail as part of the CDV pairing Monday to Friday.

The higher call rate led to fatigue complaints.

DM26 - WHY IT IS DIFFERENT AND HOW IT WORKS

We have negotiated a new delivery model, called DM26, which has learned the lessons of the previous model proposed by Royal Mail (the ODM).

The proposed agreement now means that the CDV pairing serves one duty as 1st class and parcels only, and the other route serves all mail. This means that, from the starting point, they are delivering to fewer addresses than under the current USO and considerably fewer than ODM.

The single van duty could be performing the third duty again: 50% 1st class and parcels, and 50% all mail. Again, the starting point is that they are performing less work under DM26 than under the current USO, and much less than under ODM.

The fourth duty, which may also be 50% 1st class and parcels, and 50% all mail, can then be either reallocated to the three other routes, or they can be supported by the following:

1. 3,500 walks are being reintroduced, which, if averaged out across all units, would be an extra three walks per office. The cost of this is £94 million.
2. 10,500 duties (rurals, firms and HCTs) will be switched to delivering their routes with 50% 1st class parcels, 50% all mail. This equates to over 20% of the total walks in the UK. This means

these duties will deliver less work under this model than under the current USO and can therefore support the 4 in 3 methods.

3. Any duty which cannot be completed under the current USO will have support and may also switch to 50/50.
4. There will be 6,000 part-time uplifts to full-time to support the indoor operation to ensure duties get out on time.
5. The reduction in the number of Saturdays required at work, along with a shorter Saturday, will mean you have a slightly longer attendance Monday - Friday.
6. There is an extensive pre-deployment plan where no unit can go live until full resourcing is in place, including full reserve levels. There is a comprehensive list of what measures your unit will be assessed against before it can be cleared to deploy USO reform. This is to ensure your unit has the best possible chance when you deploy the USO change.
7. At the very heart of this agreement is the ability to agree on the USO change which is best for your individual unit. All delivery units are different, whether they are multi-floor operations, deliver outside their postcode area, a mix of town and rural areas, or subject to other unique factors. For too long Royal Mail has tried a standardised process for all 1,250 delivery units, which has never worked. This agreement changes outdated Royal Mail thinking and ensures that you, as a local rep, and our members have more say in the change that is most likely to work for you.
8. All change is difficult, and we know that previously there have been deployment issues with tabletop and structural revisions which have taken far too long to fix. Therefore, there is a robust, mandatory post-deployment review with teeth. **Ultimately, unless a unit meets all quality targets and clears the required workload on a daily basis, no surplus employees can be removed from your unit.** Daniel Krenitsky is on record before the Minister of State for the Government, confirming that we will fix units, including, if necessary, adding more hours/jobs, and our agreement reflects this commitment until we achieve all the quality targets.
9. It is important to remind our members that this is not the same 4 into 3 option and workload concerns cannot be viewed based on the current workload in a duty or what happened under

the ODM pilots. The **revised** specifications and subsequent duty changes will be delivering less products on a daily basis.

EXAMPLE OF REDUCED DELIVERY POINTS UNDER DM26

Please see the tables below which compare a CDV pairing and a single duty with the current USO model, ODM, and the Heavy and Light model. This is based on a CDV pairing having 800 Delivery Points on each walk and a combined 1,600 addresses to deliver. This is based on Monday to Friday.

CDV Pairing

Model	Average call rate	Number of addresses due delivery
Old USO (Current)	54%	864
ODM	68%	1280
Heavy and Light	1 st class 18% All Mail 68%	688 (plus potentially a share of the fourth walk)

Singleton Van Duty (800 delivery points)

Model	Average call rate	Number of addresses
Old USO (current)	54%	432
ODM	68%	544
Heavy and Light	1 st class 18% All mail 68%	288 (plus potentially a share of the fourth walk)

EQUALISATION

We understand that members would have wanted more on equalisation this side of USO reforms. However, after delaying reforms for almost a year and with no certainty on the level of savings that might arise from them, we do not believe that more is achievable before implementing the reforms.

The reality is that we faced a choice: either risk USO reform being imposed or get a first step nailed down and put more money in new entrants' pockets now and use the review to move it

forward. We believe we have made the right choice and we want reps to communicate this to all members.

We have secured the following on equalisation as a result of this agreement.

- The company has reaffirmed the commitment to equalisation of terms and conditions.
- A first step has been agreed - Royal Mail will no longer recruit full-time employees on 40 hours, they will be recruited on 37 hours a week.
- New entrants will also receive an additional 1.75% pay increase, on top of the 3% agreed across the board, reducing the pay differential.
- The next review of new entrants' terms and conditions - **the output of which will be the next step and the plan to achieve equalisation will conclude no later than January 2027.**
- Additional measures to support retention will be implemented, including the opportunity for new entrants to increase their average hours from 31 per week to 35.

Reps are reminded that new entrants will have two votes, one on the overall agreement and one on the additional 1.75%.

CHANGE IN OVERTIME RATE

Recent data has shown the union that out of 28,575 new entrants, only 988 work overtime. This is because overtime kicks in for new entrants at over 43 hours per week (including unpaid meal relief).

Therefore, overtime is not a guaranteed source of income for the overwhelming majority of new entrants and only a very small group will be affected by the overtime rate change.

The CWU took the approach of working to ensure an increase in guaranteed, base rate pay for new entrants. As such, we have prioritised the higher pay increase, which will be paid every month and not subject to fluctuation in overtime availability and workload changes.

PAY

When it comes to **pay**, taking account of the company's current financial position, rather than risk reopening negotiations that could delay implementing a pay rise, we have agreed that a 3% pay rise

should be implemented now so that it can reach your pay packet as soon as possible. However, because inflation is just over 3% for January-March of this year, further consideration will now be given to paying the difference following the deployment of USO reform.

OTHER COMMITMENTS IN THE AGREEMENT

As part of the agreement, we have also secured the following.

- New delivery incentive scheme
- Reset of employee and industrial relations
- Royal Mail and CWU launching a joint campaign to achieve a fairer regulatory environment and address the exploitative labour models that our competitors utilise to undercut the company
- Complete reaffirming of the commitments made in the Rebuilding Royal Mail Parts 1 and 2 agreements, including equalisation (with Government oversight in full)

Additionally, through our political campaigning, we have forced Royal Mail to introduce a major quality of service improvement plan and we know that the Select Committee will continue to hold them to account to deliver this.

It is important to hold the new owners to account on all the commitments they made when they took over the company, including equalisation. We have had our differences with the new owners and there is clearly a lot of work to do to ensure a positive vision for the future of the company. This is essential for the workforce, the customers and the communities Royal Mail serves. That is why the Government has agreed to continue overseeing the process of ensuring that EP Group delivers on their promises, including the reset of employee and industrial relations.

This ongoing oversight is a unique commitment that the CWU has fought hard for and we are confident that the Government will underpin the integrity of these commitments, not only in our interest but in the interest of the country.