

# The future of collective bargaining: a case study

*Collective bargaining is the chief activity of all Unions, as it is the primary objective of such organisations to conclude agreements with employers, to regulate conditions of labour...*

*Trade Union Documents, Walter Milne-Bailey (1929)*

The Communication Workers Union (CWU) is one of the best examples in the TUC today of an organisation carrying out this role effectively. Witness the national collective agreement, the 'Agenda for Growth, Stability and Long Term Success' it secured from Royal Mail Group (RMG) in the course of its strong but ultimately unsuccessful campaign to oppose the privatisation of the company by the Conservative/Liberal Democratic Coalition government in 2014.

While the union was unable to prevent the sell-off of Royal Mail this time (it resisted all previous attempts since 1984), its latest campaign changed the dynamics of privatisation. By mobilising the workforce and tapping into public opinion, the union was able to negotiate powerful legal protection for all major terms and conditions of employment, including pension rights.

This involved a four-to-one majority for industrial action of those voting in the November 2013 ballot of all 115,000 postal members. This strengthened the union's hand, enabling it to negotiate a three year pay deal (9% backdated to April 2013). It also secured groundbreaking legal protections regarding job security, pensions, as well as the overall employment model and corporate business structure of RMG. These will ensure that CWU structures are embedded within the fabric of the company.

Royal Mail agreed that:

- the employer will not engage any new employees on inferior terms and conditions
- there will be no zero-hours contracts
- permanent contracts will be the norm
- full-time contracts will be the norm unless workers volunteer to move to part-time hours
- agency contracts will only be used for periods of employment less than 12 weeks
- there will be no TUPE transfers - RMG will not outsource, sell, transfer or franchise out any part of the business
- RMG will deliver all future change without compulsory redundancy

The agreement initiates a strategy for growth, including:

- new employee incentive arrangements
- reaffirmation of all existing IR Framework agreements
- unprecedented access for CWU to influence the strategic direction and decision-making within the company
- a commitment to new and more progressive employee engagement initiatives that support shared objectives and a mutual interest culture
- a joint programme to shape and influence all operational functions
- a national joint review, facilitated by ACAS to address concerns of delivery
- employees over the managerial approach to workload issues

## Legally-binding agreement and industrial peace

The context of this groundbreaking agreement is the desire of both parties to deal with unprecedented developments across the UK logistics and communications sectors - postal privatisation, the threat of competition, workplace relationships and changing customer expectations

in a digital world and rapidly evolving communications sector. To this end, the agreement's most important feature is an entirely new approach to collective bargaining and industrial relations.

Firstly, 'Agenda for Growth' pioneers the incorporation of unique legal elements in a collective agreement. It is not a traditional 'no-strike agreement'. These elements encapsulate the company and the union's joint commitment to delivering long-term success in the interests of customers, employees and the company. These legally-binding elements commit the employer, the union and its members to unprecedented changes in the way industrial relations are conducted.

Secondly, it seeks to change the traditional British industrial relations conflict model by replacing the old 'control and command' culture with a mutual interest culture whereby employees are highly engaged and well-motivated; motivating and training managers and union representatives at every level to develop improved working relations; and creating a new system for referring disputes, when they occur, to mediation and resolution, before they lead to conflict.

Delivering this cultural change aims to create a climate of trust. It is intended to enable the employee voice to be heard at all levels of the business so as to influence managerial actions in the workplace. This cultural change will be achieved by giving the union greater input, influence and involvement through a company charter that enshrines those values and principles and reviews existing employee engagement initiatives to establish new and more progressive ones.

The first review of this agreement is January 2019, with provision for interim reviews in untoward circumstances with the outcomes resulting in further collective agreement or termination of the legally binding undertakings.

### **A radical agreement**

The CWU (and its predecessor unions) has considerable experience over many decades of representing workers in postal and telecommunications service industries effectively. It has also led many campaigns for wider social and political purposes and played a prominent part in the election of Labour governments. Its members recently endorsed the union's political fund/voice with an 86% Yes vote.

Nonetheless, with the privatisation of BT, Giro-bank and now Royal Mail, CWU has been compelled to operate in a new environment and to develop its strategy and policies accordingly. It is remarkable how quickly the leadership of the postal section of the union have adapted by concluding such an unprecedented legally-binding collective agreement. 'Agenda for Growth, Stability and Long-term Success' seeks to change the dynamic of privatisation and secure a stable future for the workers in the privatised RMG.

This important agreement is borne out of both management and the union's perceptions of the challenges facing the new private company in the modern communications world – the decline of letters and a continuing requirement to provide a universal service at a uniform price while competitors 'cherry-pick' the more profitable urban customers. This shared perception and mutual interest pushed management and the union together to reform their poor system of industrial relations and conflict culture. Thus both sides are committed to making the agreement work: it does, and although perhaps one year is too soon to tell, there are many hopeful signs that it will be seen as a milestone in the development of industrial relations in Britain and beyond.

From a union perspective, the agreement contains many mechanisms that could leverage significant influence, beyond usual bargaining on pay and conditions. If the CWU can imbue the significant equity (10% of the shares) which individual employees have in the business with a collective dimension that would have enormous implications in terms of future company policy and decision making.

Interestingly, the union secured a commitment in Labour's 2015 Election Manifesto to establish a Trust Fund which could hold these for the employees collectively (as well as individually). The

increasing funds in the two employee pension funds, which must be deployed in orthodox investment channels to secure adequate returns, also have potential to serve the jointly agreed aims of the business. These are areas which the thinkers from both sides of the Growth Forum might usefully explore.

In the past, union activists have tried unilaterally to achieve 'workers control' through dreams of 'Guild Socialism', 'Fabian Socialism' and other experiments such as the Bullock Report-type industrial democracy of 'workers on the Board' in the Post Office of the 1970s. These visionary initiatives have invariably failed to command significant support among union members and so have been forgotten. The Agenda for Growth agreement is a radical and far-reaching initiative from both sides of a large, national business, which could address those long-held and underlying aspirations.

**About the author**

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