

Our Ref: DW/CK/JDD

16<sup>th</sup> November 2022

## Letter to MPs

Dear Colleague

I am writing to you to inform you of grave concerns regarding the future of Royal Mail. On the eve of Royal Mail Group making a statement to the market, it is important that the Communication Workers Union give you a comprehensive view on the challenges currently facing the service, the company's finances, the current state of negotiations and what the future holds for your postal worker constituents.

On Thursday 17<sup>th</sup> of November, Royal Mail Group (RMG) will give an update to the markets on their current financial performance and set out their view on the future of the company. Though we do not have the full details of their announcement, the CWU believes the company will state that they are facing a period of extreme financial difficulty.

We acknowledge that Royal Mail Group now faces significant financial challenges which have not been helped by recent economic and market conditions, further accelerating the drop off in parcel and letter volumes following the boom during the pandemic. However, it remains astounding that a business that recently made record profits- £758m announced in May 2022- would be losing allegedly more than £1m per day, just weeks later.

In truth, the RMG CEO and Board have not acted with transparency and integrity in their dealings with the CWU since the beginning of the year nor have they acted in the interests of building a sustainable Royal Mail that serves our communities. Careless mistakes and an unwillingness to listen to the workforce has led directly to RMG announcing 10,000 job losses- something the CWU cannot accept and would be a disaster for the service. These actions amount to gross mismanagement.

As you may be aware, the CWU has been raising concerns about the mismanagement of Royal Mail for several months. Despite intensive talks with Royal Mail over the last few weeks, we have been unable to secure answers, or motivation, as to their actions in regards to our disputes, the future of Royal Mail and the USO, the possible takeover and the abandonment of union agreements in September. In particular, the CWU is extremely concerned with the absence of explanation regarding the following:

- On why RMG walked away from the *Pathway to Change* agreement, secured with the union only last year, which outlined a plan for dealing with the decline in parcel volume and expanding the role of postal workers in our communities. This was a self-inflicted wound, which has delayed the opportunity for true modernisation and has been costly for the company.

- On why the Board prioritised handing over **£567m** to shareholders this year, rather than supporting their own key workers during the most severe cost-of-living crisis in living memory.
- On why they refused our offer to escalate negotiations and meet the Board, deciding instead to press on with a series of unagreed and unacceptable changes that would inevitably lead to a national dispute.
- On why they cannot explain or justify the recent decision to abandon the respected household name of Royal Mail and rename the company “International Distributions Services PLC”, whilst also ending the cross-subsidy arrangements from GLS profits.
- On why they are not taking advantage of the unrivalled, reach of the Royal Mail Group network and diversifying products and services. Instead, the senior leadership has painted the Universal Service Obligation (USO) as a disadvantage, rather than a competitive advantage. We understand RMG may be approaching the Government to end six-day letter deliveries and further reduce the service available to the public.

These reckless decisions can only result in a disaster for customers, a decimation of the Universal Service Obligation and a general degradation of Royal Mail as a major contributor to the UK economy. The CWU believes these decisions have been driven by boardroom power struggles, in the full knowledge that the company has been facing a potential takeover for some time.

As you may be aware, the Government has now given clearance to a Luxembourg-based private equity firm VESA to increase their shareholding. Whilst the CWU understands there has been no formal bid made from VESA, there has also been a recent, sharp increase in share value, which may be indicative of an imminent takeover bid. The CWU is deeply concerned that this takeover will facilitate the further break-up of the company and the transformation from a robust public service to a delivery franchise model.

If the senior leadership of Royal Mail are allowed to continue with these plans, Royal Mail will simply no longer exist as the vital public service we know it to be. 500 years of service will be broken up and turned into another gig-economy parcel courier- leaving communities, businesses, customers and workers worse off.

It is also abundantly clear that Royal Mail is not only facing a failure of management but a failure of privatisation. If the CEO and the Royal Mail Board are unable to reach an agreement with the union, then the Government must step in and take Royal Mail back into public hands, where it can thrive. The CWU has been clear throughout our negotiations regarding our current industrial action. We want an agreement that secures the future of this vital public service. We will not accept postal workers paying the price for the mistakes of the CEO and the Board of RMG.

As things currently stand, the senior management who have led Royal Mail into this crisis do not have the ability nor the right to lead us out of it. This is why we are calling on every MP to call on the Government to launch an inquiry into the actions of the CEO and the Royal Mail Group Board to not only evaluate the mismanagement of this iconic British service but to secure its future.

Postal workers and Royal Mail connect communities in a way no other service does. They are a part of the social fabric of the UK, serving 32 million addresses on a daily basis and affecting each one of your constituents. That is why the CWU continues to fight not only for better pay, terms and conditions but also for a high quality and sustainable public service.

Royal Mail can continue to be a major contributor to the British economy and provide secure, well-paid jobs whilst delivering genuine modernisation but this can only happen if the Board consider an alternative business approach that can leverage the unique competitive advantage afforded to Royal Mail, alongside the diversification of new services and products.

We urge you to call on the Government to launch an inquiry into the actions of the senior leadership of Royal Mail and to support the Communication Workers Union in our fight to ensure Royal Mail works for customers, workers and the community.

Yours sincerely



Dave Ward  
**General Secretary**



Andy Furey  
**Acting Deputy General Secretary (Postal)**