

A MESSAGE TO CWU MEMBERS IN ROYAL MAIL GROUP



The communications union

On the eve of Royal Mail Group making statements to the market, it is important we give you the broadest possible update on the current situation. This document sets out the CWU's view on why the company's finances have deteriorated, where we are in negotiations and what the future holds.

On Thursday 17th November, Royal Mail Group will give an update to the markets on their financial performance and set out their view on the future of the company. We obviously do not have the full detail of their announcements, but it is clear they are likely to cover the areas set out below.

FINANCIAL POSITION OF THE COMPANY

We acknowledge that Royal Mail Group now faces significant financial challenges and that this is not being helped by economic and market conditions which have resulted in a drop off in parcel and letter volumes. The reality is however - a business making record profits of £758m announced in May 2022, should not just weeks later turn into one losing over a £1m a day.

The truth is, the Royal Mail Group CEO and Board have not acted with integrity and transparency in their dealings with the union since the beginning of this year and they have made huge mistakes along the way which have led directly to them announcing 10,000 job losses – something we simply cannot accept. This amounts to gross mismanagement.

- *They still cannot explain why they walked away from the Pathway to Change agreement – this was a self-inflicted wound which delayed the opportunity for true modernisation.*
- *They cannot explain why they 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.*
- *They cannot explain why they refused our offer to escalate negotiations and meet the Board, deciding instead to press on regardless with a series of unagreed changes that were always going to lead to a dispute.*
- *They cannot explain or justify the recent decision to abandon the respected household name of Royal Mail and rename it 'International Distributions Services', whilst also ending the cross-subsidy arrangements from GLS profits.*

- *They cannot explain why they are not taking advantage of the unrivalled reach of the Royal Mail Group network and diversifying products and services. Instead they see the universal service obligation as a disadvantage and we understand they may now be approaching the government to end six day letter deliveries.*

We believe these reckless decisions have been driven by Boardroom power struggles, in the full knowledge that the company has been facing a potential takeover for some time.

This is backed up by the fact the government has now given clearance to the private equity firm VESA to increase their shareholding. A takeover bid could be imminent and there has been a recent sharp increase in share value, which means someone is clearly buying them.

We want an agreement that's in the interests of our members, customers and the future of the company, but it cannot be one where postal workers pay the price for the mistakes of the CEO and Board. Neither can it be an agreement where Royal Mail Group becomes just another gig economy parcels courier.

What we are facing is not just a failure of management, it's also 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 Group back into public hands.

As things currently stand, we believe the senior managers who led us into this crisis do not have the ability or the right to lead us out of it. This is why we now call on the government to immediately launch an enquiry into the actions of the CEO and Royal Mail Group Board. A letter has been sent to all MPs today outlining our concerns.

NEGOTIATIONS

Royal Mail Group have embarked on the most serious and sustained set of attacks ever on postal workers. This coupled with the financial mismanagement of the company has made these discussions the most difficult and complex in our history.

The CWU is a union that will never face away from modernisation or technology. We have made dozens of agreements on both. Since the recent Joint Statement we have been engaged in more intensive negotiations with the employer now for over a week. Progress has been made in some areas, but this is not reflected yet in the commitments the company are prepared to put in writing. We will give members a further update on the status of negotiations later this week.

The CWU remains committed to reaching an agreement and we are prepared to continue negotiations with Royal Mail Group to deliver this ahead of next week's strike action.

We must be crystal clear though – unless the company move significantly towards the union on a range of issues, the prospect of achieving an agreement quickly is unlikely.

REDUNDANCIES

The company has now told us that to remain a going concern, they will announce to the markets tomorrow that they must proceed with preference exercises to seek volunteers for redundancy. However, as Royal Mail is not yet prepared to commit to no compulsory redundancies in writing and our existing VR processes and terms, we cannot support this activity.

Further advice on our position will be issued to all CWU branches.

POTENTIAL SALE OF GLS

Recent press reports indicate GLS is about to be sold. The announcement on this may be imminent and if this is the case should be seen as another panic measure to look after and appease major shareholders.

The threat of selling GLS must not be used as a weapon against our members. We are certain people will see this move for exactly what it is - big shareholders hedging their bets. If the private equity firm VESA takes over Royal Mail on the cheap, they will also make a fortune in dividends when GLS is sold off.

STRIKE ACTION

Strike action will continue to be a last resort for our members. Not a single postal worker wanted to be in this position. This dispute has been driven by an aggressive and out of control management team and we know our members will continue to stand against their actions.

The CWU are in the room willing to negotiate a settlement and deliver an agreement that protects our members' jobs, enhances the service we provide to the public and businesses and secures the future of the company. To do this, we need Royal Mail Group to have the same mindset.

The CWU will continue to do everything possible to reach an agreement, but it is vital that every member and representative now builds for the strike action planned for the 24th, 25th and 30th November and 1st December.

CONCLUSION

Our members connect communities in a way no other service does and they are part of the social fabric of the UK. The disputes on pay and change are about the very future of your job and the services you provide to 32 million households.

The Royal Mail Group can continue to be a major contributor to the UK economy and provide decent well paid jobs, whilst delivering genuine modernisation – but it's only our collective strength and solidarity that will make this happen.

Thank you as ever for your support.

Dave Ward. Andy Furey

Dave Ward
General Secretary

Andy Furey
Acting Deputy
General Secretary (Postal)