

# LETTER TO BRANCHES





263/24 No:

25th July 2024

**TO: ALL POSTAL BRANCHES** 

Dear Colleague

## **UPDATE ON IDS (RMG) TAKEOVER BID**

The purpose of this LTB is to provide branches with a full update on developments with the IDS (RMG) takeover bid.

#### **Conference Policy**

All branches will be aware of our Conference policy to achieve the best outcome for our members in this takeover process. We do not believe it is right for an overseas equity investor to own Royal Mail in its entirety, equally, we have no confidence in the current IDS Board to secure the future of the company. This is why, in our discussions with EP Group and the government, we are calling for a new business/ownership model to give employees and customers a greater say over the future direction of the Royal Mail Group.

As we set out in our recent members communication, our ultimate aim is to see Royal Mail renationalised. However, we must deal with the immediate situation facing Royal Mail and ensure the company is able to grow and secure postal workers jobs for the future. Therefore, regardless of who owns Royal Mail, we must continue to play a vital role in influencing all current developments.

#### Meeting with Daniel Kretinsky

On the 23<sup>rd</sup> July, we had an introductory meeting with Daniel Kretinsky (EP Group) where we were able to express our major concerns about his proposed takeover of Royal Mail and also ask relevant questions about his future plans.

The outcome of the meeting is that we have agreed to hold further talks in the coming weeks with the objective of reaching a comprehensive agreement on the future of our members' jobs and the company. In these discussions, the union will be seeking to achieve the following:

- Job security guarantees alongside a set of our own legal protections that expand on the contractual obligations contained in the offer document.
- The need to immediately implement measures to solve the ongoing quality of service/USO compliance issues, imposed revision failures and the major resourcing crisis created by the previous senior leaders and the current RMG Board.

- The need to end the managerially imposed two-tier workforce and harmonise pay, terms and conditions for new entrants.
- The need for a full agreement on the approach to maintain the USO.
- A way of giving employees a serious stake in the future of the business.
- A radical change in the governance structure of Royal Mail at all levels, including the urgent need to end the oppressive "it's our business to run" managerial culture that remains deeply entrenched.
- Agreement for a new business plan with a serious strategy to secure our future by growing our share in the next day parcels market, exploring new services, a better role for our members and leveraging the advantage of Royal Mail's current infrastructure.

# Meeting with the Secretary of State for Business and Trade on 11th July 2024

All Branches will be aware of the Labour Party 2024 Manifesto commitment set out again below for ease of reference:

Royal Mail remains a key part of the UK's infrastructure. Labour will ensure that any proposed takeover is robustly scrutinised and that appropriate guarantees are forthcoming that protect the interests of the workforce, customers and the United Kingdom, including the need to maintain a comprehensive universal service obligation.

Labour will also explore new business and governance models for Royal Mail so that workers and customers who rely on Royal Mail services can have a stronger voice in the governance and strategic direction of the company.

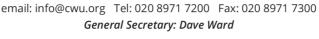
In light of this commitment, the union was invited to a meeting with the Secretary of State for Business and Trade on the 11<sup>th</sup> July to discuss our concerns on the takeover bid and the future of Royal Mail. It was a constructive meeting and we made it clear that we expect a Labour Government to fulfil the commitments made in their Manifesto in full, particularly the need to robustly scrutinise all elements of the takeover bid.

Subsequent to this meeting, the Secretary of State has confirmed in the media that the Government will call in the takeover bid under the National Security and Investigation Act. The union also took the opportunity at a TULO meeting with the Prime Minister on 23<sup>rd</sup> July, to again raise our overall concerns about the future of Royal Mail.

We will continue to discuss these matters with the Labour Government and ensure that the proposed takeover of IDS remains crucially important for all politicians and the country.

## Meeting between CWU Lawyers and EP Group Lawyers

We can also advise Branches that the union has engaged a firm of lawyers, who specialise in company acquisition law and they have provided the union with a detailed and very helpful report on the EP Group offer document that was published to shareholders on 26<sup>th</sup> June. The report explains the way the takeover bid is being financed.



CWU 150 The Broadway, Wimbledon, London, SW19 1RX



Following the report being provided to the union, a meeting was held on 18th July between CWU and EP Group, including our respective legal advisors. The meeting was helpful in raising our significant concerns over the contractual obligations and the financial structuring of the proposed takeover. The union will continue to engage our lawyers to fully investigate this proposed takeover and any consequences that it may have for our members.

## **Next Steps in the Takeover Bid Process**

Now that EP Group has formally launched their offer for IDS, there are a number of steps to complete before any takeover is both approved and accepted by shareholders. As the takeover is a 'contractual takeover offer', the shareholders will need to respond as to whether they accept and if a majority accept the offer, EP Group will be able to take control of the business, provided it also passes any regulatory clearances.

However, we expect that the deadline for this time period for shareholders to accept will be extended so that the takeover can be subject to regulatory clearance.

As we have communicated to members previously, the takeover must be approved by the UK Government under the National Security and Investment Act, the Competition and Markets Authority and by EU and international regulators. It is likely that the major institutional shareholders will want to withhold any approval until most of these regulatory hurdles are cleared and we expect this to take several months, if they are approved.

# **Summary**

You will see from the above that the union is pursuing all available avenues to achieve the best outcome for our members. Throughout this process, we will be engaging further with our members, businesses, politicians and the public to ensure the widest possible debate on the future of the UK's postal service. Further developments will be reported in due course.

Finally, please ensure the content of this LTB is distributed to all representatives and all workplaces.

Any enquiries should be addressed to the General Secretary at jdunn@cwu.org.

Yours sincerely

Dave Ward

**General Secretary** 

Dave Ward.

Martin Walsh

**Deputy General Secretary (Postal)** 



