

No. 019/26

20th January 2026

To: All Branches

Dear Colleagues,

ROYAL MAIL UPDATE

This LTB provides an overview of the current situation with EP/RMG on the crucial issues of the USO and new entrants' terms and conditions. Additionally, this update highlights all other areas under discussion with the company.

USO and New Entrants

We completely recognise that CWU representatives and members are deeply frustrated over Royal Mail's continuing quality of service failures and the failure to date of the national parties to reach an agreement on how we implement USO Reform and the equalisation of new entrants' terms and conditions.

We also share and understand the frustration across the membership that the promised change in the managerial culture has not materialised at any level of the business.

The above has led to a number of frank exchanges between the national parties with both claiming the other is not honouring our agreements. The CWU are confident that any examination of the facts will support the arguments the union has put forward and in the coming weeks we will elaborate on why there is no viable future for Royal Mail without a clear vision of growth and the full delivery of the EP/CWU agreement. In the meantime, it is important that we now set out in a fair and balanced way the current position of the national parties.

CWU Position

The CWU is totally committed to introducing USO Reform in every workplace because we recognise the changing dynamics of the market, the commercial realities facing the business and the fact that Royal Mail now operates in a permanently changed world of communications.

It is also in the interests of our members' job security that we support the change to service standards that Ofcom has announced.

However, we remain adamant that given what we have learnt from the pilot sites we cannot and will not agree to the company's original and preferred model of USO Reform being rolled out nationally.

In the period leading up to this critical moment the union has been proactive in putting forward a constructive counter proposal to the company which would have seen hundreds of offices deploying USO Reform well before the peak period. The alternative approach that we proposed would have still provided the company with a significant level of savings but we unashamedly put quality, people and growth first – rather than unachievable levels of savings that bear no resemblance to the reality at local level.

The current status of our counter proposal is that Royal Mail has neither rejected or accepted our alternative approach, although there are some signs that the company may now be willing to reach an agreement on the basis of what we have put forward.

Whatever happens over the next two or three weeks our clear message to our reps and members is that the CWU position not to agree Royal Mail's original & preferred model is not going to change – even if the company decides to take executive action.

We are also insisting that the pilot sites are allowed to immediately move to an alternative approach.

The CWU's Postal Executive understands the urgency of the current situation and we are prioritising the need to resolve the current impasse and reach an agreement as quickly as possible – but it must be an agreement that supports our members' ability to deliver the right change and our strong belief remains this can only be achieved by working together in line with our agreements and aligning the interests of workers, customers, the company and its stakeholder.

If the company were to take executive action, they will do so knowing upfront that it will not work and we should see this as a deliberate move for them to go back to Ofcom and pursue a further down dialling of the Universal Service.

This is why it is important that in the absence of an agreement the union must continue to take further steps to widen the political and public debate over the future of Royal Mail, alongside whatever steps are necessary industrially to protect our members and the service.

The CWU position remains that in tandem with any agreement on USO Reform, the company must demonstrate to the workforce that it is honouring all of its commitments within the EP/CWU agreement, including to equalise new entrants' terms and conditions through a new career pathway. This is critical to stabilising the staffing model in every office.

The EP Group/CWU agreement set out a vision of the future that was based on putting employees and customers back at the centre of the business and recognised the future viability of the company is dependent on growing new revenue streams, whilst utilising the advantages of Royal Mail's unrivalled infrastructure.

Without progressing the key objectives of that agreement in tandem with USO Reform, the company runs the risk of further decline and being fined out of existence by Ofcom. For these reasons we continue to urge the company to support the CWU in a joint campaign for fairer regulation that enables Royal Mail to operate on a level playing field with its competitors.

EP/RMG Position

For their part in a letter sent to us on the 14th January 2026, the company has reiterated its clear preference is to reach an agreement on USO Reform – but has told the union that in the absence of sufficient progress in the next few weeks towards an agreed implementation framework, they will need to consider how Royal Mail discharges its statutory and regulatory obligations before the end of the financial year.

Royal Mail and EP Group are also making it clear to the union that their financial position is deteriorating and that failure to reach an agreement on USO is jeopardising the future of the company, including their commitment to no compulsory redundancies and the affordability of the remaining elements of our three year pay agreement.

In their most recent letter Royal Mail proposed that further discussions take place over the next few weeks and have stated that they want to engage constructively and in good faith, with the objective of reaching an agreement.

Outstanding Section 5 Issues

We cannot lose sight of the overall importance of the EP Group/CWU agreement and how it completely reversed the strategy that was being pursued by the previous Royal Mail regime. In subsequent communications we will share with branches in a factual way the audit we have undertaken on the agreement that breaks down each commitment that the company made. This subsequent communication will also lay out the steps we want each branch and our representatives in every workplace to take in supporting the full delivery of this agreement.

In this regard, we can report that despite the impasse on the crucial issues referenced above, there has been some progress made in continuing discussions linked to the Rebuilding Royal Mail Part 1 & Part 2 agreements. A short summary of this is set out below:

- Reset of Industrial and Employee Relations – whilst recognising that this has not happened locally, we believe there are a number of joint activities that we can launch in the near future to fulfil this commitment as soon as possible.
- As part of discussions on reducing agency workers, we have identified up to 1000 FTE opportunities in delivery jobs for existing part-timers, alongside joint recognition that reducing agency work can assist in improving overtime rates.

- We are close to an agreement to pilot new incentive schemes.
- To improve sick pay we have jointly identified options which will remove SSP for those areas under 5.5% and we are looking to finalise an agreement on this in the very near future.
- As part of a new way of working we have jointly identified the need for a more supportive approach to my performance.
- Negotiator agreements on attendance and a new Discipline code have been reached and are currently subject to the decisions of the Postal Executive.
- Talks are underway on a new IR framework including a review of the DRP process.
- A new NAP process is being negotiated.
- Conclusion of an agreement and commencement of activity to restore the resourcing mix in Parcelforce.

Engagement with the Government and Ofcom

It is important to remember that as part of the change in ownership the Government has taken a golden share in Royal Mail for the first time since privatisation. Furthermore, the Government also reached its own agreement with EP Group that provided certain guarantees to the new owner and the UK's public on how it would run the business going forward. Crucially this covered the honouring of agreements with the union and a range of financial obligations designed to stabilise the company and ensure EP Group would act as a responsible long-term investor.

Therefore, we continue to engage with Government and are seeking a three-way meeting between EP Group, CWU and the Secretary of State. Such a meeting would enable all parties to review progress on our agreements and to ensure that the financial obligations EP Group gave to both the Government and the CWU remain in place. We are currently awaiting a date for this meeting to be convened.

We also continue to press the Government to review the overall regulatory environment. We want to thank our members for their direct engagement with MPs where over 16,000 letters were sent to individual MPs across the UK. We know this has had a significant impact and we will announce further political events in the near future.

Next Steps

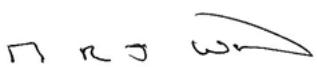
The union's absolute focus remains on reaching an agreement on USO and new entrants in the next few weeks. We can advise that a further round of meetings has now been convened for later this week and early next week and a further update will be issued in due course.

With regard to future communications, as explained in LTB 017/26, the union has made a conscious decision to refocus our communications on our frontline representatives and members in a much broader way than what can be achieved through over reliance of social media platforms and the CWU weekly live show.

Therefore, we have phased the release of this LTB so key representatives receive the information in advance of the general release.

Finally, in the near future, we will also send out branch and local reps' briefings which will enable engagement with our members in every workplace on a more regular and informed basis.

Yours sincerely,



Martin Walsh
Deputy General Secretary (Postal)



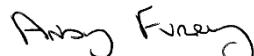
Dave Ward
General Secretary



Tony Bouch
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Davie Robertson
Assistant Secretary



Andy Furey
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