

Royal Mail – boardroom greed, rising prices, jobs destroyed and a service under attack



IT'S TIME FOR OFCOM TO ACT

Unite represents thousands of Royal Mail managers who are part of the union's Communications Managers' Association (CMA) group.

Royal Mail was privatised in 2014, arguably sold off below its market value. The chief shareholder is Vesa Equity Investment, led by a Czech businessman, which owns 20 per cent of the business.

Jobs going – but fire and rehire

Our members have grave concerns about Royal Mail's latest proposals to cut a further 932 managerial staff. These jobs are critical to the company's core business of delivering letters and parcels to all points of the UK and are in addition to the 1600 cut by Royal Mail in 2021.

The latest plans will remove:

- delivery office managers
- line managers
- sector collection managers
- sector hub staff managers
- managers who look after boxes and counters collections.

Despite making redundancies, Royal Mail is seeking to bring in a new management rate on a lower, capped wage rate in a move akin to 'fire and rehire'.

Profits up, prices up, shareholders take the rewards

In the year to March 2021, at the height of the pandemic, Royal Mail made £726m in profit before tax.

In autumn 2021, Royal Mail recorded half year profits of £311 million and returned £400 million to shareholders via a share buyback and dividends.

In March 2022, Royal Mail raised the price of first-class stamps by 10p to 95p, a 12 per cent hike, with second-class stamps rising by 2p to 68p.



**No job cuts
at Royal Mail**

The Universal Service Obligation (USO)

Royal Mail is the designated provider (via the Postal Services Act 2011) of the Universal Postal Service, which ensures a postal service six days per week at one affordable price to any UK address.

The regulator, Ofcom, sets the universal service obligation (USO) and targets for the Royal Mail. These are designed to ensure that key public service standards are upheld, but many of these obligations and targets are currently unmet, a situation that Unite believes will worsen with this new round of cuts.

Services declining, complaints rising, fines issued

Royal Mail has an obligation to monitor and meet performance targets including a USO first-class target of 93 per cent delivered the next working day and a USO second-class target of 98.5 per cent delivered within three working days.

However, in over 2020/21 Royal Mail fell notably below its target levels in many areas – delivering 74.7 per cent of first-class mail the next working day. Unite disputes that this service drop is down to the pandemic and is instead part of a downward trend caused by staffing reductions.

In 2018/19, Royal Mail was fined £1.5 million for failure to meet their first-class delivery target.

Royal Mail was also fined £100,000 for overcharging customers for second-class stamps between 25 March and 31 March 2019, a breach of the price cap. The company estimated that it overcharged people by approximately £60,000 in total as a result.

Additionally, Royal Mail received more than one million complaints from householders in 2021, the highest level for a decade.

An analysis of Royal Mail quality service reports revealed that 1,135,441 consumer complaints were investigated in the year to 28 March 2021, an increase of nearly 50 per cent on the previous year.

The company is also under fire for delays in postal districts across the country [more than 120 postal districts experienced delays] over the 2021 Christmas and New Year period.

Citizens Advice Scotland has said that Royal Mail must protect delivery services for people in remote and rural areas: *"It's vital that all consumers throughout the UK – including those in the more remote and rural areas – can get a fair deal"*.

Further, Unite has huge concerns that Royal Mail is calling for more flexibility on its USO, with some talk it could move to a five-day, or even three-day, delivery service.

Public service must come before profit – time for Ofcom to intervene

Profits are up, prices are up but the service to the public has declined and jobs are being slashed.

Unite's postal managers are at the heart of the Royal Mail service and we will back them all the way in this fight to protect jobs and services.

But the USO is also a very privileged position which we fear the Royal Mail boardroom is abusing, behaving more like a short-term speculator rather than the responsible owner of an essential UK public service.

Unite calls on Ofcom to instigate an urgent investigation into the threat to the universal service obligations and the diminishing quality of service.

Any investigation must halt the present round of job cuts and assess whether Royal Mail's plans for the business are consistent with its public service obligations to the UK people.

Royal Mail's Minimum Universal Service (MUS) requirements are:

- Delivery of letters or parcels (including those posted outside the UK).
- At least one delivery of letters every Monday to Saturday to every address in the UK.
- At least one delivery of other parcels every Monday to Friday to every address in the UK.
- Collection of letters or parcels (including those for outside the UK).
- At least one collection of letters every Monday to Saturday from every access point in the UK used for receiving letters and parcels for onward transmission.
- At least one collection of other parcels every Monday to Friday from every access point in the UK used for that purpose.
- Service at affordable prices at a uniform public tariff.
- Postal services (including conveying, receiving, collecting, sorting and delivering) at an affordable, uniform public tariff across the UK; and to places outside the UK.
- A registered items service at a uniform UK-wide, affordable public tariff.
- An insured items service at a uniform UK-wide affordable public tariff.
- A free-of-charge postal service to blind or partially-sighted people.
- Free carriage of legislative petitions and addresses.
- Redirection, Poste Restante and Retention services.

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