

Industry Profile

- Amicus/CMA represents some 13,000 communications professionals of whom the majority are managers in Royal Mail.
- Royal Mail is a public limited company wholly owned by the government.
- Its annual sales are in excess of £8 billion and it has over 200,000 employees.
- The Business operates under a number of brand names, the most well known include Post Office Ltd, Royal Mail and Parcelforce Worldwide which are divided into various business units.
- It collects, processes and delivers 82 million items to 27 million addresses every single day.
- The post office retail network is the UK's largest retail network with over 14,000 branches.
- The Business was renamed "Royal Mail Group" following a brief spell as the loss making "Consignia."
- Allan Leighton has recently been reappointed as Chair of the Executive Board for a further 3 years until 2008.
- The Recovery Plan, initiated in 2002, aimed to lose 30,000 jobs over 3 years. 2500 manager jobs have been lost since December 2003.
- Competition was introduced into the postal market in 2003 with a view to full liberalisation by 2007.
- Royal Mail is the only licensed Operator with a Universal Service Obligation.

Current Issues and Activities

- Following implementation of the Recovery Plan, the Business has undergone a financial turnaround and is on track to make a £4 billion profit by 2005. However at the same time service quality declined resulting in Royal Mail failing 14/15 of its quality of service targets in 2003/4. Although early reports indicate some improvements, there remains a huge task to improve service quality and restore public confidence in Royal Mail.
- Last year Royal Mail signed agreements with Business Post, TNG and Deutsche Post to allow them access to the "final mile" stage of the delivery network. Rival Operators can now offer alternative services within the more profitable areas of bulk mail and business-to-business delivery.
- Competition currently only accounts for 0.3% of all postal services. The Regulator, Postcomm, proposes to accelerate full opening of the postal market to January 2006 in order to encourage competition to enter more quickly. We are opposed to these proposals and have called for market opening to be delayed until the full impact of competition on the universal service provider is understood. We have also called for the regulator to apply a stringent licensing process to all operators to protect the security and integrity of the mail.
- The Government's decision to transfer to a system of direct payments of pensions and benefits into bank accounts amounts to £400 million loss of revenue for the Post Office. POL has introduced a range of new products and services, including financial services, to compensate but continues to operate at a loss. The Urban Reinvention Programme aimed to close around 3,000 urban sub-post offices by December 2004.
- POL's recent review of its 550 directly managed branches and decision to close some of its major high-street offices has received much media and public attention, including a trade and industry select committee enquiry into the review. POL proposes to convert half of its directly managed branches into franchisees. We do not consider this is to be a viable strategy and that it will inevitably lead to more closures unless the government provides some financial support to the network.
- Bullying and harassment have reached unacceptable levels and Royal Mail is currently subject to a 3-year review by the EOC following complaints of sexual harassment. The Business is endeavouring to work in partnership with the unions to change this.