

## Debate Pack

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By Harriet Clark,

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# Royal Mail services and the covid-19 pandemic

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## Summary

A debate on Royal Mail services and the covid-19 pandemic is scheduled to take place in Westminster Hall on Tuesday 19 April 2022 at 4.30pm.

# 1 Background

## 1.1 Universal Service Obligation (USO)

Royal Mail Group is the UK's largest postal operator, the only postal operator currently providing UK wide end-to-end letter delivery services, and the UK's universal service provider.

The universal postal service is essentially the 'one price goes anywhere' principle of affordable postal services to all UK addresses. It requires Royal Mail to deliver to every address in the UK, six days a week, at a uniform price.

The legal basis for the universal service is the Postal Services Act 2011 and the Universal Postal Services Order.

### Minimum requirements

The Postal Services Act required Ofcom to make a 'Universal Postal Services Order'. The Universal Services Order defines what should be considered part of the universal postal service and sets standards with which Royal Mail, as the universal service provider, must comply.<sup>1</sup>

Specifically, the Postal Services Act sets out the minimum requirements that the Universal Service Provider must deliver:

- at least one delivery of letters every Monday to Saturday to every address in the UK and at least one delivery of other postal packets every Monday to Friday
- at least one collection of letters every Monday to Saturday and at least one collection of other postal packets every Monday to Friday
- a service of conveying postal packets from one place to another by post at affordable, geographically uniform prices throughout the UK
- a registered items service at affordable, geographically uniform prices throughout the UK
- an insured items service at affordable prices
- free end-to-end services for legislative petitions and certain services to blind and partially sighted people<sup>2</sup>

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<sup>1</sup> Ofcom, [Universal postal service order](#), 12 July 2013

<sup>2</sup> [Postal Services Act 2011](#), Section 31

As required by the Postal Services Act, Ofcom made a [Universal Service Order](#) in March 2012 (also modified in 2013). The Universal Service Order goes beyond the minimum requirements set out in the Act. For example, it includes requirements regarding redirection, post restante and retention services.<sup>3</sup>

## 1.2

## Regulators

Postal services was formerly a part-nationalised industry, with Royal Mail being state owned. However, following the [Postal Services Act 2011](#) Royal Mail was privatised. The Post Office is a separate business and remains entirely owned by the Government.

The Department of Business, Energy and Industrial Strategy (BEIS) has Government responsibility for postal affairs. The current Minister with this portfolio is [Paul Scully MP](#). The Government, with Parliament, is responsible for legislation on postal services but currently have no published plans for new legislation in this area.<sup>4</sup>

Royal Mail is a fully privatised company. It is for Ofcom, as the industry regulator, to monitor the performance of Royal Mail in line with current legislation.

### Ofcom

The Postal Services Act 2011 transferred regulatory powers over postal services from Postcomm to Ofcom. Under the Act, Ofcom must carry out its regulatory activity in a way that secures the universal postal service. Ofcom also has a duty under the [Communications Act 2003](#) to further the interests of citizens and of consumers, where appropriate, by promoting competition. Where there is a conflict between the two duties, the provision of the universal postal service takes precedence.

### Citizens Advice

[Citizens Advice](#) (a charity network) assumed statutory responsibility to represent consumers of postal services in 2014, along with [Citizens Advice Scotland](#) and the [Consumer Council for Northern Ireland](#).<sup>5</sup> A designated team provides policy advice and delivers strategic projects that contribute to improving the operation of the postal market and the universal service for all consumers, with particular regard to vulnerable consumers (for example

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<sup>3</sup> Ofcom, [Universal postal service order](#), 27 March 2012

<sup>4</sup> The [Postal and Parcel Services \(Amendment etc.\) \(EU Exit\) Regulations 2018](#) makes a number of changes to legislation around postal services in response to Brexit. See Section 7.2 for further details

<sup>5</sup> Through [The Public Bodies \(Abolition of the National Consumer Council and Transfer of the Office of Fair Trading's Functions in relation to Estate Agents etc\) Order 2014](#)

disabled individuals, pensioners, individuals on low incomes). Citizens Advice regularly publishes [research and updates about the performance of postal services](#) on its website.

## POSTRS

**POSTRS:** is an independent body that mediates disputes between certain regulated postal operators – CMS Network (London) Ltd, Royal Mail Group – and their customers.<sup>6</sup>

### 1.3

## Ofcom's review of postal regulation

Ofcom recently conducted a [review of postal regulation](#) and set out proposals for 2022 to 2027. They have proposed:

- To maintain the current overall framework for regulating Royal Mail in relation to the universal service. This is designed to give Royal Mail stability and commercial flexibility to adapt to changing circumstances.
- To retain all existing safeguards to protect consumers including the quality of service standards (see section 1.5 below). They also propose maintaining the existing safeguard cap on second class letters, large letters and small parcels which limits the extent to which Royal Mail can raise prices of second class products.
- To require Royal Mail to report publicly on its longer-term efficiency plans.
- To continue to promote competition in the wider postal markets by “only imposing limited regulation when it is necessary to protect consumers or competition”.
- To introduce certain new consumer protections for parcel services, including new guidance on how complaints are handled and requirements that parcel operators have policies in place to better meet the needs of disabled consumers.

Citizens Advice have [responded](#) to Ofcom's consultation on their review of postal regulation. They support maintaining current minimum standards through safeguard caps and quality of service targets but have expressed concerns about the cost of post and service during the pandemic.

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<sup>6</sup> POSTRS [Companies covered](#) [last accessed 27/05/20]; Ofcom, [jargon buster](#), [last accessed 27/05/20]

## 1.4

## Impact of the Covid-19 pandemic

## Parcel deliveries

Since March 2020, parcel deliveries have significantly increased due to an increase in online shopping prompted by the Covid-19 pandemic and national lockdown. ONS data found internet sales as a percentage of total retail sales increased from 19% in February 2020 to 28% in February 2022, peaking at 38% in January 2021.<sup>7</sup>

In the first six months of the 2019/20 financial year, Royal Mail's parcel revenues increased by a third and overtook letter revenues for the first time.<sup>8</sup> However, at the start of 2020, international parcel volumes fell, as the coronavirus pandemic reduced imports from China.<sup>9</sup>

Increases in parcel volumes continued in 2020/21, with total parcel volumes for Royal Mail up 32% for the year.<sup>10</sup> However, more recently, in October-December 2021, Royal Mail's domestic parcel volumes fell by 7% compared to the same period the previous year, with revenue falling by 4.9%. Royal Mail have put this decline down to more retail stores being open. Volumes remained 33% higher than in October-December 2019, with revenues up 43.9% from this period.<sup>11</sup>

Royal Mail had forecasted the business to consist of 70% parcels and 30% letters over the following three years in their Journey 2024 plan, which was announced in May 2019. The impact of COVID-19 has "been to bring forward that reality to the current year"<sup>12</sup> with parcels representing 72% of the company's revenue in 2020/21.<sup>13</sup>

Ofcom remark that there is uncertainty regarding future trends as the impact of the pandemic continues to have an effect.<sup>14</sup>

## Coronavirus services

The postal sector contributed to providing key services during the pandemic, delivering vaccination and shielding letters, Covid-19 tests, and PPE items. Royal Mail was [a partner](#) in the government's coronavirus testing

<sup>7</sup> ONS Retail Sales Index time series (DRSI) via [Internet sales as a percentage of total retail sales](#), 17 December 2021 [accessed 11 April 2022]

<sup>8</sup> Ofcom, [Annual monitoring update on the postal market report](#): 2019-20

<sup>9</sup> Ofcom, [Annual monitoring update on the postal market report](#): 2019-20, 26 November 2020, p2

<sup>10</sup> Royal Mail, [Annual Report and Financial Statements](#), 2020-21, p70

<sup>11</sup> Royal Mail, [Q3 results 2021-22](#), 25 January 2022

<sup>12</sup> Kenneth Williams, Royal Mail Group, [Royal Mail Group Full Year 2019-20 Results and Business Update Transcript](#), 25 June 2020, p1

<sup>13</sup> Royal Mail Group, [Annual Report and Financial Statements 2020-21](#), p4

<sup>14</sup> Ofcom, [Annual monitoring update for postal services Financial Year 2020-21](#), 9 December 2021, p3

programme, collecting and delivering testing kits.<sup>15</sup> Delivery and collection days increased to seven days a week in November 2020,<sup>16</sup> resulting in next-day delivery for tests exceeding 98%.<sup>17</sup> Delivery and collection days are now back to six days a week.

In December 2021, demand for lateral flow tests went up dramatically due to the Omicron variant and people wanting to test for the festive period. Royal Mail doubled its capacity in order to deliver almost 900,000 covid-19 tests per day.<sup>18</sup>

## 1.5

### Performance of Royal Mail

Royal Mail Group (RMG) is a public limited company consisting of two principal operations: Royal Mail, a UK-based operation which also includes Parcelforce Worldwide, and GLS (General Logistics Systems), the company's international arm.<sup>19</sup>

#### Five-year summary of Royal Mail financial performance

The table below gives a five year summary of the financial performance of RMG.<sup>20</sup>

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<sup>15</sup> Royal Mail, [Delivering coronavirus tests to NHS staff](#), 6 May 2020

<sup>16</sup> Department of Health and Social Care, [Royal Mail to collect COVID-19 test kits 7 days a week](#), 16 November 2020

<sup>17</sup> HC Deb, [Royal Mail](#), Vol 697, 17 June 2021

<sup>18</sup> The Times, [Royal Mail aiming to double Covid test deliveries](#), 16 December 2021

<sup>19</sup> The GLS network covers 36 countries and nation states in Europe. GLS operates in eight states in the Western US and Canada. Royal Mail, [Annual Report and Financial Statements 2019-20](#)

<sup>20</sup> Royal Mail plc, [Full Year Results](#), 28 March 2021

<b>Royal Mail Group, five-year summary</b>																													
2016/17-2020/21																													
	2016/17	2017/18	2018/19	2019/20	2020/21																								
<b>Income statement - adjusted (£ millions)</b>																													
<b>Revenue</b>	<b>9,776</b>	<b>10,172</b>	<b>10,581</b>	<b>10,840</b>	<b>12,638</b>																								
Profit before tax	559	565	398	275	664																								
Tax	-121	-111	-93	-79	-143																								
<b>Profit after tax</b>	<b>438</b>	<b>454</b>	<b>305</b>	<b>196</b>	<b>521</b>																								
<b>Shares (pence)</b>																													
Basic earnings per share	44.1p	45.5p	30.5p	19.6p	52.1p																								
<b>Balance sheet (£ millions)</b>																													
Property, plant and equipment	2,062	2,016	2,066	3,120	3,007																								
Intangible assets	567	608	631	558	468																								
Net cash / debt (debt if negative)	-338	14	-300	-1,132	457																								
<b>People numbers</b>																													
Group total headcount (end year)	158,955	159,117	161,978	160,772	158,592																								
<b>Source:</b> Royal Mail Annual Accounts; 2016/17 to 2020/21																													
<b>Notes:</b> Results are adjusted to exclude the pension charge to cash difference and specific items.																													
Headcount is based on permanent employees.																													
2018-19 information is presented on a 53 week basis, whereas other information is on a 52 week basis																													
Net debt increased by around a £1 billion in 2019/20 due to the capitalisation of leases under IFRS 16 accounting changes																													
<b>Royal Mail Group, total revenue</b>			<b>Royal Mail Group, profit after tax</b>																										
£ millions			£ millions																										
<table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (£ millions)</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>9,776</td> </tr> <tr> <td>2017/18</td> <td>10,172</td> </tr> <tr> <td>2018/19</td> <td>10,581</td> </tr> <tr> <td>2019/20</td> <td>10,840</td> </tr> <tr> <td>2020/21</td> <td>12,638</td> </tr> </tbody> </table>			Year	Revenue (£ millions)	2016/17	9,776	2017/18	10,172	2018/19	10,581	2019/20	10,840	2020/21	12,638	<table border="1"> <thead> <tr> <th>Year</th> <th>Profit after tax (£ millions)</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>438</td> </tr> <tr> <td>2017/18</td> <td>454</td> </tr> <tr> <td>2018/19</td> <td>305</td> </tr> <tr> <td>2019/20</td> <td>196</td> </tr> <tr> <td>2020/21</td> <td>521</td> </tr> </tbody> </table>			Year	Profit after tax (£ millions)	2016/17	438	2017/18	454	2018/19	305	2019/20	196	2020/21	521
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Profits after tax have risen by £325 million over the last year with RMG posting an adjusted profit after tax of £521 million in 2020/21.

In their most recent trading update, RMG reported a 3.4% increase in revenue in the nine months to December 2021, compared to the same period the year before. This was a 17.4% increase on the nine months to December 2019.<sup>21</sup>

At the end of 2020/21, RMG reported total staff numbers of approximately 159,000, around 1,000 less than the previous year.

In June 2020, it was announced that Royal Mail would be cutting 2,000 jobs in management roles, as part of action to save £130 million.<sup>22</sup> In January 2022,

<sup>21</sup> Royal Mail, [Q3 results 2021-22](#), 25 January 2022

<sup>22</sup> Royal Mail plc, [Financial Report for the full year ended 29 March 2020](#), 25 June 2020, p1

they revealed plans to cut a further 700 management jobs as a way of reducing costs.<sup>23</sup> The union Unite have said they will fight the plans.<sup>24</sup>

## UK-based performance

Royal Mail Group reports volumes of mail separately for its UK-based operation. Volumes in the UK-based operation have been changing in recent years and there has been a decline in the volume of letters and a significant increase in the volume of parcels. This is in line with trends in the postal service market.

Letter volumes fell 25% between 2019/20 and 2020/21. This has coincided with a fall in revenue from letters by 13% over the same period. Parcels volumes, on the other hand, have increased by 32%, with revenues increasing by 39%.<sup>25</sup>

UK-based Letters and parcels business					
2016/17-2020/21					
	2016/17	2017/18	2018/19 <sup>1</sup>	2019/20	2020/21
Reporting period	52 week	52 week	52 week	52 week	52 week
Letters					
Volume (millions)	14,856	14,378	13,376	12,650	9,511
Revenue (£millions)	4,321	4,152	4,057	4,021	3,518
Parcels					
Volume (millions)	1,169	1,230	1,287	1,312	1,735
Revenue (£millions)	3,337	3,463	3,538	3,699	5,131
<b>Notes:</b> <sup>1</sup> Royal Mail re-presented 2018/19 figures to reflect new methodology of allocating UK-based letter and parcel revenue and volume. The 2018/19 results are presented on the new basis.					
<b>Source:</b> Royal Mail Annual Accounts; 2016/17 to 2020/21					

In the nine months to December 2021, total parcel volumes decreased by 11% on the previous year, with revenues falling by 3.5%. Parcel volumes remained 17% higher than the same period in 2019, with revenues also up 32.2%. Letter volumes increased by 6% on the previous year, with revenues up 9.1%. However, letter volumes remained 18% below the same period in 2019, with revenue down 8.4%.<sup>26</sup>

## Royal Mail targets

As the Universal Service Provider, Royal Mail's performance is measured against a number of targets it is required to report to Ofcom. Some of these

<sup>23</sup> BBC, [Royal Mail to cut jobs amid ongoing postal delays](#), 25 January 2022

<sup>24</sup> The Guardian, [Royal Mail to cut 700 managers after Omicron delivery crisis](#), 25 January 2022

<sup>25</sup> Royal Mail plc, [Full Year Results](#), 28 March 2021

<sup>26</sup> Royal Mail, [Q3 results 2021-22](#), 25 January 2022



targets are formalised in Ofcom’s [DUSP Condition 1](#); failure to meet these targets could result in Ofcom imposing a fine upon Royal Mail. A complete list of Royal Mail’s Quality of Service targets can be found [here](#).

Royal Mail publish [quarterly reports](#) on their performance against these Quality of Service targets. Ofcom also publishes information regarding Royal Mail’s performance against these targets in their [Annual monitoring update on the postal market](#).

The pandemic had an impact on Royal Mail’s performance in 2019/20 and this continued in 2020/21 when they fell significantly below the regulatory targets, as shown in the table below.

Royal Mail performance against quality of service targets					
2017/18-2020/21					
	Target	2017/18 result	2018/19 result	2019/20 result	2020/21 result
First Class delivery	93.0%	91.6%	91.5%	92.6%	74.7%
Second Class delivery	98.5%	98.4%	98.6%	98.7%	93.7%
Post Code Area (PCA) target: First Class	91.5% in 118/118	72/118	75/118	105/118	0/118
Special Delivery	99.00%	98.10%	98.20%	98.50%	87.7%
Collection points served daily	99.90%	99.39%	99.85%	99.90%	99.73%
Delivery routes completed daily	99.90%	98.88%	99.55%	99.52%	91.57%
Items deemed correctly delivery	99.50%	99.74%	99.76%	99.70%	99.70%

Notes Figures are not adjusted for force majeure

Source: RoyalMail: DUSP1.10.6 Full year results 2017/18 to 2020/21

Ofcom decided it was not appropriate to open an investigation into Royal Mail’s service levels during 2020/21 due to the “uniquely difficult circumstances of the pandemic” which were considered outside of Royal Mail’s control.<sup>27</sup>

Quality of service has improved since the end of 2020/21 as the impact of the pandemic has reduced. First Class delivery improved to 87.2% in the first three months of 2021/22 but fell back to 82.4% in the second quarter and fell again to 76.8% in the third quarter, remaining below the target of 93%. Royal Mail stated that COVID related self-isolation and absence impacted service levels.<sup>28</sup> Ofcom will continue to monitor Royal Mail’s performance as it aims to return its quality of service back to pre-pandemic levels.<sup>29</sup>

<sup>27</sup> Ofcom, [Annual monitoring update for postal services Financial Year 2020-21](#), 9 December 2021, p38

<sup>28</sup> Royal Mail Group, [Quality of Service](#), 2021-22

<sup>29</sup> Ofcom, [Annual monitoring update for postal services Financial Year 2020-21](#), 9 December 2021, p38

## The regulatory emergency period

The Postal Services Act 2011 does not require Royal Mail to provide the universal postal service without interruption, suspension or restriction in the event of an emergency.<sup>30</sup>

In April 2020 Ofcom acknowledged that the pandemic constituted an emergency period. Royal Mail were allowed to take steps to temporarily reduce service levels or amend product specifications where necessary. Steps taken by Royal Mail included:

- Suspending the Saturday delivery of letters between 2 May and 13 June 2020
- Suspending the guaranteed delivery time associated with special delivery (normally 1pm).

In June 2021 Royal Mail acknowledged that the emergency period was coming to an end and in July 2021 they committed to returning to pre-pandemic quality by the end of August 2021.<sup>31</sup> Royal Mail is now expected to be meeting delivery targets including the delivery of at least 93% of first class post within one working day of collection. As this has not yet been met, Ofcom has said that Royal Mail must take steps to improve performance.<sup>32</sup>

## Delays over the festive period

Royal Mail delivery delays have been a problem throughout the pandemic, with coronavirus measures and staff absences due to sickness or isolation disrupting services. This was particularly the case over the 2021/22 Christmas period, with absence rates peaking at 12% (around 15,000 people), double pre-pandemic levels.<sup>33</sup>

According to Citizens Advice, almost 15 million people (28%) were waiting for post over the Christmas period. Of these, 54% reported going at least a week without letters, with 2.5 million missing post such as health appointments, fines and bills. The delays continued into January, with 23% reporting post disruption.<sup>34</sup>

London was particularly badly affected and in January 2022 18 of the 56 worst-hit areas were in London,<sup>35</sup> with 35% of people in London experiencing a letter delay. The South East and North West were also particularly impacted

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<sup>30</sup> [Postal Services Act 2011](#), Section 33(3)

<sup>31</sup> Ofcom, [Annual monitoring update for postal services Financial Year 2020-21](#), 9 December 2021, p38

<sup>32</sup> Ofcom, [Update on Royal Mail delivery delays](#), 19 January 2022

<sup>33</sup> Royal Mail, [Q3 results 2021-22](#), 25 January 2022

<sup>34</sup> Citizens Advice, [Royal Mail fails to deliver for the second Christmas running](#), 17 February 2022

<sup>35</sup> BBC, [London hit worst by Royal Mail delivery delays](#), 20 January 2021

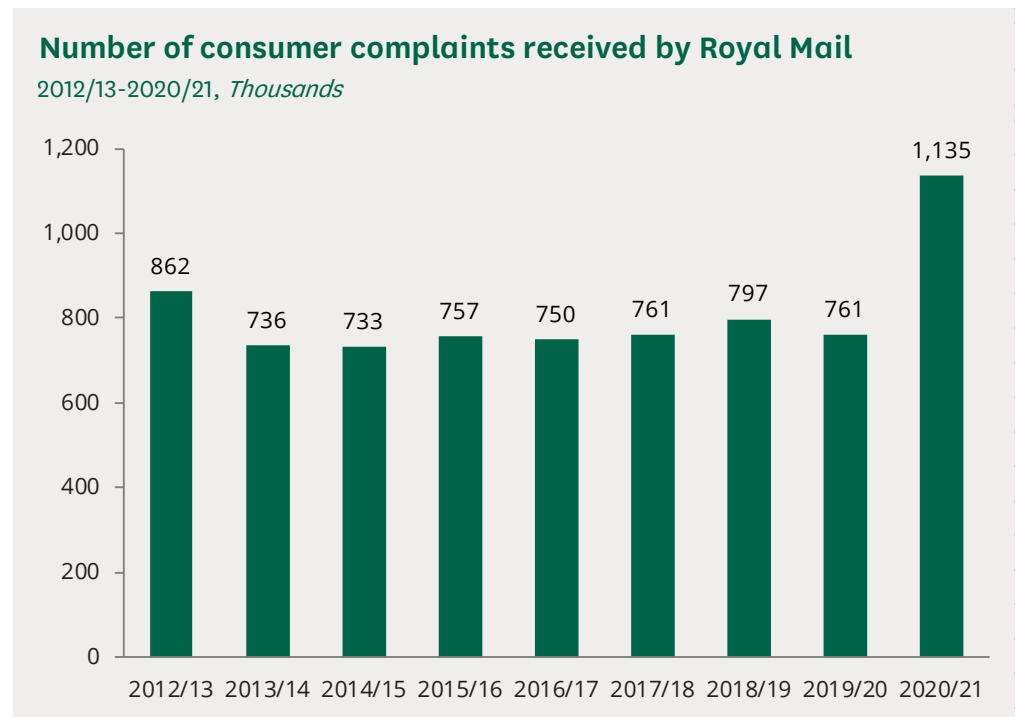
by delays, with 32% and 31% of people experiencing a letter delay respectively.<sup>36</sup>

Citizens Advice also reported disruption over the festive period in 2020/21.<sup>37</sup>

## 1.6 Complaints to Royal Mail

The number of consumer complaints received by Royal Mail had been reasonably steady in the last five years up to 2019/20, but this increased significantly in 2020/21, largely due to the impacts of Covid-19 on quality of service.

Royal Mail received 1,135,441 complaints in the reporting year 2020/21, a 49% increase on the previous year. The biggest single category of complaint was loss of item, which saw an increase of 88% compared to 2019/20.<sup>38</sup>



**Notes:** Received and completed complaints

**Source:** Royal Mail, Annual Consumer Complaints & Compensation Scheme Reports

<sup>36</sup> Citizens Advice, [Royal Mail fails to deliver for the second Christmas running](#), 17 February 2022

<sup>37</sup> Citizens Advice, [16.5 million people hit by letter delays in January, finds Citizen Advice](#), 11 February 2021

<sup>38</sup> Royal Mail, [Annual Report – Complaints and Compensation](#), 25 June 2021

## 1.7

## Stamps

## Stamp prices

Royal Mail have had the freedom to set the price of their stamps since 2012, though the price of a 2<sup>nd</sup> Class stamp is still subject to a price cap set by Ofcom.<sup>39</sup> The current cap expires on 31 March 2024, having been reviewed in 2019.<sup>40</sup> In January 2021 Royal Mail raised the price of second-class standard letter stamps to 66p, which was to the level of the cap. It can now only raise prices in line with CPI inflation until 2024.<sup>41</sup>

On 4 April 2022 Royal Mail increased the price of a first-class stamp to 95p, a 10p increase. The cost of a second-class stamp also rose by 2p, to 68p (in line with inflation). The decision to raise prices was said to be based on declining letter volumes and increasing costs of delivering to a growing number of addresses.<sup>42</sup>

Citizens Advice have said that it is the wrong time to raise prices, due to the cost of living crisis, and have called on Ofcom to do more to regulate stamp prices, noting that the price of a first-class stamp has increased by 46% in five years.<sup>43</sup>

## Barcoded stamps

In February 2022 Royal Mail announced that it would be moving to barcoded stamps “as part of the company’s extensive and ongoing modernisation drive”. The barcoded stamps are designed to improve efficiency, add security features and provide innovative services for customers. Customers have so far been able to watch and share exclusive videos by scanning the barcodes.

Non-barcoded stamps will remain valid until 31 January 2023. Royal Mail have advised customers to use their non-barcoded stamps before this date. If they are unable to do this, they can swap them using the Swap Out scheme which opened on 31 March 2022.<sup>44</sup>

<sup>39</sup> 2<sup>nd</sup> Class stamps must be capped at the equivalent of 55p in 2015 prices, in line with inflation. Ofcom decided to raise the price by 5% in real terms to 65.2p for 2019-20, and index by CPI thereafter. Ofcom, [Statement: Review of Second Class stamp safeguard caps](#), 17 January 2019

<sup>40</sup> There is also a ‘basket’ cap safeguard comprising Second Class large letters and small and medium parcels weighing up to and including 2kg.

<sup>41</sup> Ofcom, [Review of postal regulation](#), 11 March 2021, p.28

<sup>42</sup> The Guardian, [Royal Mail ramps up price of first-class stamp by 10p to 95p](#), 4 March 2022

<sup>43</sup> Citizens Advice, [Paying more for less? Stamp prices have gone up — again](#), 4 April 2022

<sup>44</sup> Royal Mail, [Royal Mail launches Swap Out scheme for non-barcoded stamps](#), 31 March 2022

## 2

## Press articles

[Royal Mail told workers may strike over alleged 'fire and rehire' plans](#)

The Guardian

30 March 2022

[Opinion: The postal system is letting down our small businesses](#)

The Herald

11 March 2022

[Price of first class stamps to rise to 95p](#)

BBC News

4 March 2022

[Royal Mail hit by decade high of more than 1m complaints](#)

The Observer

22 January 2022

[London hit worst by Royal Mail delivery delays](#)

BBC

20 January 2022

[Why am I getting Christmas cards in January? Royal Mail under fire for long delays](#)

The Observer

16 January 2022

[Royal Mail delivery delays: Full list of areas where Christmas deliveries are disrupted by Covid absences](#)

The i

16 December 2021

[Royal Mail aiming to double Covid test deliveries](#)

The Times

16 December 2021

[Royal Mail's sickness absence rate almost double 2018 level](#)

The Guardian

13 December 2021

[Boost for shareholders as parcels help Royal Mail to £311m profit](#)

The Guardian

18 November 2021

[Chelmsford residents fail to receive mail for three week](#)

BBC

17 November 2021

[Royal Mail hit by Track and Trace 'pingdemic' causing delivery delays in 12 UK areas](#)

The Yorkshire Evening Post

20 July 2021

### 3

## Press releases

### [Strike looms at Royal Mail as company seeks to sack 1,000 workers and ‘fire and rehire’ on lower wages](#)

Unite

30 March 2022

Royal Mail could soon be hit by UK-wide strikes over plans to sack nearly 1,000 managers and bring in lower rates of pay in what Unite the union says today (Wednesday) is yet another case of ‘fire and rehire’.

Unite is preparing an industrial action ballot, which would see strikes begin as soon as April, after an initial consultation with its membership found almost seven in ten (67 per cent on an 82 per cent turnout) backed strike action.

Unite says that their members’ position has hardened in recent weeks because the employers “**kept moving the goalposts**” during negotiations on the proposed changes.

Royal Mail is looking to introduce a new band for managers, paid less but also with the salary capped so eroding its value year-on-year, while cutting hundreds of existing postal manager jobs – akin to fire and rehire, according to the union.

The union claims that the job cuts are driven by shareholder greed, despite the service returning a record £311 million in profits only months ago (see notes to editors) and that the business’s real plan is to eventually cut the six day delivery service altogether and move to the three day service model found in some European countries such as Denmark.

In 2021, the Royal Mail cut 1,600 jobs, leaving the service seriously understaffed. Unite says that the company is already struggling to make the quality targets on delivery and service set by the regulator Ofcom and cannot afford to shed yet more business-critical jobs.

A strike will hit letter and parcel services across the UK as 3,000 Royal Mail members at 1,500 workplaces will walk out.

Calling on Royal Mail to step back from yet more job cuts, Unite general secretary Sharon Graham said: “**Royal Mail has no excuse for announcing these job cuts, especially at the same time as introducing ‘new’ bands on lower pay. That is just ‘fire and rehire’.**”

**“They are not even losing money. Royal Mail’s private shareholders are doing very nicely out of the UK. This is shameless boardroom greed looking to ruin a great UK name and a 500-year old essential service.**”

**“Our members are determined to prevent this destruction and they have the full backing of their union every step of the way.”**

A survey of Unite members has revealed that the current service is built on unpaid work by the postal managers and so it can ill-afford to lose 1,000 from the workforce. Members regularly go without lunch breaks, work unpaid at weekends and even forego annual leave to provide the public with a service.

Unite national officer with responsibility for Royal Mail, Mike Eatwell added: **“The Royal Mail service is now running on the goodwill of our members but they’ve had enough. Royal Mail keeps moving the goalposts but it is clear to our members that the employer’s vision for the future is a slashed service and a low-waged workforce.**

**“It’s high time the owners came clean with the UK public. Tell them that the priority is not the daily delivery of the letters and parcels that they rely on but to extract even more profit for a handful of greedy shareholders.”**

Chris, a Unite member and postal manager talks about the impact of the Royal Mail cuts [here](#).

#### [Update on Royal Mail delivery delays](#)

Ofcom

19 January 2022

**There have been recent news reports of delays for deliveries from Royal Mail, with some people receiving their post much later than expected.**

We know how important a reliable postal service is to customers, and we can take action if Royal Mail fails to meet the annual targets we set for its performance.

As the regulator for Royal Mail, we’re concerned about these delays and have made it clear to Royal Mail that it must take steps to improve its performance as the effects of the pandemic subside.

Ofcom has a number of responsibilities relating to post.

Part of our remit is to secure the universal postal service, which is set out in legislation agreed by Parliament. This requires Royal Mail to deliver letters six days a week (Monday to Saturday) and parcels five days a week (Monday to Friday) to every address in the UK, at a uniform price.

As the universal service provider, Royal Mail is subject to more regulation than other postal operators. For example, we impose a price cap on second-class stamps to help ensure postal services are affordable. We also set strict annual delivery targets.



These targets require Royal Mail to deliver at least 93% of first-class post – across the UK – within one working day of collection, and 98.5% of second-class post within three working days, over the whole financial year.

We assess Royal Mail's performance against these targets for each financial year – looking at how it has performed over the year as a whole. In the past, we've taken action against Royal Mail when it has fallen short of these targets. For example, in 2020 [we fined Royal Mail £1.5m](#) for missing its 2018/19 delivery target. We are preparing to review Royal Mail's performance for the current 2021/22 financial year and, if appropriate, we will not hesitate to take action where necessary.

Royal Mail should deliver at least

**93%**

of first-class post within one working day of collection

We also gather additional data to help us monitor Royal Mail's service performance. For example, we receive information relating to regional delivery performance. This monitoring work has intensified during the pandemic, as set out in our [Annual Monitoring Update \(PDF, 1.1 MB\)](#).

### **Covid-19**

Clearly the Covid-19 pandemic has created significant challenges for many businesses, including Royal Mail. At the start of the pandemic, we recognised this was an emergency situation which meant Royal Mail could change its operations to manage the challenges it faced, without the need for formal Ofcom authorisation. However, this period ended on 31 August 2021 and [we no longer consider this to be an emergency period](#) in terms of Royal Mail's requirements to meet its delivery targets.

At the moment, Royal Mail is experiencing issues at a number of their delivery offices. More information, including the reasons for these issues, is available on their [website](#). This is due, in part, to the impact of the more recent Omicron variant on their operations. We understand that Royal Mail is taking a number of steps, including rotating deliveries to minimise the delay to individual customers, and is providing targeted support to affected offices to ensure service performance improves.

### **Complaints handling**

Although Ofcom does not investigate individual complaints, we require Royal Mail to have effective complaints handling procedures and to provide redress where appropriate. You should first complain to Royal Mail directly so that your complaint can be logged and investigated. If no resolution is reached and if appropriate, follow the Alternative Dispute Resolution scheme (ADR) managed by the Postal Redress Service (POSTRS). Help on [how to make a complaint](#) is available on Royal Mail's website.

[Royal Mail marks delivery of over 500 million items of PPE to NHS and care home workers by launching branded lorries](#)

Royal Mail

3 December 2020

- Royal Mail is marking the delivery of more than half a billion PPE items to NHS and care home workers on behalf of the Government with specially branded lorries.
- Since April 2020, Royal Mail has been providing final mile delivery of PPE to care homes and GP surgeries.
- As a key partner in the delivery of essential PPE, Royal Mail has been working in partnership with eBay and Clipper Logistics to support a major Government initiative to ensure that frontline health and social care workers receive crucial PPE.

**Royal Mail is marking the delivery of more than 500 million personal protective equipment (PPE) items to NHS and care home workers since the start of the pandemic on behalf of the Government by launching several branded vehicles. These deliveries have played a vital role in helping to keep health workers safe during the unprecedented pandemic.**

The specially branded vehicles, featuring the phrase “Delivering millions of items of PPE to health and care staff” will be used in Royal Mail’s operation, delivering to more than 31 million addresses across the UK.

Since April 2020, Royal Mail has been delivering PPE to care homes, GP surgeries, pharmacies, dentists, optometrists and children’s social care providers. Royal Mail has now reached the milestone of delivering over 500 million items of PPE to NHS and adult social care locations on behalf of the Government, via the PPE portal\*.

As a key partner in the delivery of this essential PPE, Royal Mail has been working in partnership with eBay and Clipper Logistics to support a major Government initiative to ensure that frontline health and social care workers receive crucial PPE throughout the pandemic. Postmen and postwomen have been going the extra mile to ensure that staff at care homes and other healthcare providers are able to maintain social distancing when accepting packages.

Royal Mail has also been a key partner for the Government’s COVID-19 testing programme. The Company has been delivering tens of millions of COVID-19 tests to and collecting them from addresses across the UK since April 2020.

**Nick Landon, Chief Commercial Officer at Royal Mail said:** “Half a billion items of PPE delivered is an amazing milestone and a testament to the efforts of everyone across Royal Mail over the last eight months to help keep the UK

safe and connected. Everyone at Royal Mail could not be prouder of our support for healthcare workers in their fight against the pandemic by ensuring the regular and safe delivery of essential PPE.”

## 4

# Parliamentary material

## Written questions

[Postal Services: Standards](#) Question for Department for Business, Energy and Industrial Strategy, UIN 114922

**Asked by Mike Amesbury on 31 January 2022**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what assessment his Department has made of the adequacy of Royal Mail deliveries in Runcorn and Helsby.

**Answered by Paul Scully on 8 February 2022**

Royal Mail has publicly stated that it is aware of the reduction in service levels in some areas and is taking action to reduce delays to deliveries. Its contingency plans to mitigate disruption to postal services are overseen by Ofcom.

Ofcom continues to monitor Royal Mail's performance to ensure it is providing the best service it can to customers and has powers to investigate and take enforcement action if Royal Mail fails to achieve its performance targets.

[Royal Mail: Conditions of Employment](#) Question for Department for Business, Energy and Industrial Strategy, UIN 111733

**Asked by Navendu Mishra on 25 January 2022**

To ask the Secretary of State for Business, Energy and Industrial Strategy, whether he plans to take steps to help protect jobs in the Royal Mail.

**Answered by Paul Scully on 28 January 2022**

Operational matters, including decisions on staffing levels and workforce structure, are the direct responsibility of Royal Mail's management. The Government is not involved in the operational decisions of Royal Mail, a private company.

Collective redundancy legislation requires employers proposing to make 20 or more employees redundant from one establishment in a 90-day period to consult employees or their representatives. This must include consultation on

ways to avoid redundancies, reducing the numbers of redundancies, or mitigating their impact.

[Postal Services: Standards](#) Question for Department for Business, Energy and Industrial Strategy, UIN HL5298

**Asked by Lord Bourne of Aberystwyth on 11 January 2022**

To ask Her Majesty's Government what assessment they have made of any delays in Royal Mail postal services caused and exacerbated by the COVID-19 pandemic, including the effects of such delays on wellbeing and the economy; and what measures they are considering to remedy these delays.

**Answered by Lord Callanan on 25 January 2022**

The Government recognises the importance of a reliable universal postal service to customers, businesses, and local communities across the UK, and we know postal workers have been working exceptionally hard to meet demand over the recent peak period and in light of Covid-19 related absences.

Royal Mail has publicly stated that it is aware of the reduction in service levels in some areas and is taking action to reduce delays to deliveries. Its contingency plans to mitigate disruption to postal services are overseen by Ofcom, the independent regulator responsible for monitoring the delivery of the universal postal service.

Ofcom continues to monitor Royal Mail's performance to ensure it is providing the best service it can to customers and has powers to investigate and take enforcement action if Royal Mail fails to achieve its performance targets.

[Royal Mail: Standards](#) Question for Department for Business, Energy and Industrial Strategy, UIN 983495

**Asked by Helen Hayes on 5 January 2022**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of the number of (a) parcels and (b) letters which were not delivered by Royal Mail within its stated timeframes in November and December 2021.

**Answered by Paul Scully on 10 January 2022**

Ofcom, the independent regulator, monitors Royal Mail's performance and has powers to investigate and take enforcement action if Royal Mail fails to achieve its service delivery targets.

Royal Mail is required by Ofcom to publish quality of service reports on a quarterly basis. Royal Mail's next report, covering the period October-December is expected to be published by March at the latest.

[Royal Mail: Standards](#) Question for Department for Business, Energy and Industrial Strategy, UIN 94311

**Asked by Barbara Keeley on 16 December 2021**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what discussions he has had with Ofcom on Royal Mail's current service standards for the delivery of letters in response to reports to Citizens Advice of increased postal delays.

**Answered by Paul Scully on 5 January 2022**

The Department has regular discussions with Ofcom on a wide range of issues, including its duty to ensure the provision of a financially sustainable and efficient universal postal service.

Ofcom monitors Royal Mail's performance and has powers to investigate and take enforcement action if Royal Mail fails to achieve its service delivery targets.

[Coronavirus: Screening](#) Question for Department of Health and Social Care, UIN 92136

**Asked by Florence Eshalomi on 13 December 2021**

To ask the Secretary of State for Health and Social Care, what steps his Department has taken to help ensure supply of covid-19 lateral flow tests prior to the publication of his Department's press release entitled Daily rapid testing for COVID-19 contacts launches this week on 12 December 2021.

**Answered by Maggie Throup on 15 February 2022 (replacement for a previous holding answer)**

The UK Health Security Agency (UKHSA) procured additional stocks of lateral flow device (LFD) tests and increased delivery capacity. Over 350 million additional LFD tests were secured, additional home delivery capacity was provided through the Royal Mail, while more tests were supplied to pharmacies and community testing.

[Postal Services: Greater London](#) Question for Department for Business, Energy and Industrial Strategy, UIN 78468

### **Asked by Helen Hayes on 19 November 2021**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what recent assessment he has made of the effectiveness of Royal Mail services in south London; and what steps he is taking to ensure that Royal Mail improves services disrupted by the covid-19 pandemic.

### **Answered by Paul Scully on 29 November 2021**

Royal Mail is a fully private business. The Government has no role in its operational or commercial decisions.

The Government sets the minimum requirements and service standards for the UK postal service in the Postal Services Act 2011 which designates the Office of Communications (Ofcom) as the independent regulator for the sector with the responsibility and powers to regulate postal services.

Ofcom has a duty to ensure the provision of a financially sustainable and efficient universal postal service. It monitors Royal Mail's provision of the universal service and has powers to investigate and take enforcement action if Royal Mail fails to achieve its performance targets, taking account of all relevant factors.

Ofcom's statement declaring the Covid-19 pandemic an emergency regulatory period under the Postal Services Act 2011, and therefore removing the regulatory conditions placed on Royal Mail, ended on 31 August 2021. Ofcom has stated that it continues to take a pragmatic and proportionate approach to compliance monitoring taking account of any relevant matters beyond Royal Mail's control that impact on its performance, including any continuing impacts of the pandemic.

## **Oral Questions**

### [Engagements](#)

HC Deb, 3 February 2021, c951

## **Early Day Motions**

### [Royal Mail workforce reductions](#)

That this House expresses alarm at plans by Royal Mail to reduce frontline managerial jobs by 900 posts, a reduction that will further harm the postal service in this country; condemns this continued attack on the jobs of workers while shareholders receive £311 million in rewards; is appalled at the treatment of postal managers, who have been the hidden heroes of the service during the coronavirus pandemic, working excessive hours with no additional pay in order to ensure that the public receives their post and packages; calls on Royal Mail to immediately engage with the workforce and

its union, Unite, to save these jobs; is concerned that Royal Mail is already failing to meet its public service obligation, with delays to post now a regular occurrence around the country; agrees with Unite that the removal of hundreds of core workers is a senseless move that will see the service worsen; and calls on the regulator to intervene immediately to prevent Royal Mail taking a death-by-a-thousand-cuts approach to a cornerstone public service.

1 March 2022 | Early day motions | Open | House of Commons | 1017 (session 2021-22)

## Debates

[Royal Mail](#), HC Deb, 17 June 2021

[Royal Mail: South-east London](#), HC Deb, 3 November 2020



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# Further Reading

[Citizens Advice response to Ofcom's consultation: Review of postal regulation](#)

Citizens Advice

11 April 2022

[Consultation: Review of postal regulation](#)

Ofcom

3 March 2022

[Post Office numbers](#)

House of Commons Library

21 February 2021

[The Post Office](#)

House of Commons Library

18 October 2021

[Performance of Royal Mail](#)

House of Commons Library

16 June 2021

[Postal services](#)

House of Commons Library

1 December 2020

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