

Ofcom's "reform" of Royal Mail opens the spigots for Křetínský's profiteering

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Regulator Ofcom has confirmed that UK's Royal Mail can scrap Saturday delivery of Second Class letters, reducing this service to alternate weekdays. The changes will take effect from July 28.

Under the guise of "USO reform", Ofcom's measures will downgrade the Universal Service Obligation, which mandates six-day-a-week letter deliveries to every address at a fixed price.

Ofcom has circumvented the need for legislative amendment to the Postal Services Act 2011, by maintaining six-day delivery of First Class letters, but Ofcom's measures severely undermine its reliability.

Ofcom's July 10 announcement, *"Reforming the postal service so it delivers what people need,"* was a foregone conclusion. Its consultation, which ended in mid-April, had already endorsed Royal Mail's "Optimised Delivery Model" (ODM) in a report released in January. The ODM deprioritises letters in favour of parcel delivery, overhauling work practices based on gig economy "flexibility" for more than 80,000 delivery workers: fixed duties are replaced with "core" and "combined" routes, workloads are hiked, delivery spans lengthened to more than 5 hours, and call rates raised by 30 percent.

The regulator is not a neutral body. Royal Mail breached its statutory First and Second Class delivery obligations for three consecutive years between 2022 and 2025. Ofcom's response—token fines—amounted to a financial slap on the wrist. Now it has gone further, officially endorsing Royal Mail's non-compliance by lowering delivery targets: First Class from 93 to 90 percent next-day, Second Class from 98.5 to 95 percent within three days. So-called "backstop targets" require only that "99 percent of mail be delivered no more than two days late."

These changes aim to unlock up to £425 million in annual cost savings (Ofcom's estimate). The sole beneficiary is billionaire Daniel Křetínský's EP Group, which became outright owners of Royal Mail in June following its £3.6 billion takeover. The entire process—from "consultation" to confirmation—has been a tightly managed charade designed to give the impression that the USO is being preserved and First Class mail protected when it fires the shooting pistol for its

dismantling.

Křetínský's strategy is to convert Royal Mail into a low-cost parcel giant—the "Amazon of Europe"—driven by AI and automation to implement mass job cuts and gig economy type exploitation. This mirrors the methods used across the global postal and logistics sector, as postal services in the US, Canada, and Australia undergo drastic restructuring to prepare for privatisation.

Křetínský double-act: Labour as enabler, CWU as enforcer

The Starmer government rubber stamped Křetínský's takeover last December through a "Deed of Undertakings" (DoU) with EP Group: a document enshrining light-touch regulation while facilitating naked profiteering. The "legally binding" commitments have been presented as ensuring the "commitment to the USO" when in fact Křetínský is only required to meet the dire performance of Royal Mail in 2023-4 to conduct "value extraction" e.g., asset stripping.

The chief enforcers of this brutal corporate restructuring are the leaders of the Communication Workers Union (CWU), Dave Ward and Martin Walsh. Their "Framework Agreement" with EP Group signed in December—linked to Labour's DoU—was endorsed unanimously by the CWU postal executive, without a single vote from the membership.

Postal workers were told to "accept the reality of privatisation" while the union bureaucracy secured itself a seat at the corporate table via an "Advisory Committee" with EP Group. Ward, recently ennobled by the Starmer government with a CBE to the disgust of many postal workers, continues to peddle the fraud of "profit sharing", discredited by over a decade of privatisation during which hedge funds and equity firms looted Royal Mail of £2 billion.

In December, Walsh greenlit with Royal Mail management the rollout of USO reform at 37 "pilot" delivery offices—again without a members' vote. These pilots are a downpayment on full-scale restructuring across 1,200 offices. Despite Walsh's claims that the pilots were a fait accompli and his dismissal of

workers' concerns, they have already resulted in mail delivery failures, parcel prioritisation, unmanageable workloads, and widespread exhaustion. Even the CWU's sanitised report on 33 pilot offices could not hide the unfolding disaster.

Now, Ward and Walsh claim full deployment will wait until "issues are resolved" on the pilots. But the "fixes"—including additional staffing—won't be applied across the remaining 97 percent of delivery offices. The ODM is designed to eliminate 7,000 jobs, and they are only the official estimates. The CWU's claim about "getting it right" is not to defend postal workers but to suppress opposition and buy time for the full deployment.

Postal workers on the CWU's Facebook have condemned the ODM as physically unsustainable and unworkable, calling for it to be stopped. This demand runs counter to the CWU leadership's agenda. Ward and Walsh welcomed Ofcom's January report and used it to try and browbeat members into submission. Far from being reluctant participants, the union bureaucracy echoes Křetinský and Ofcom, that anything standing in the way of profit is an "unfair financial burden."

No confidence in Ward-led bureaucracy: organise the rank and file

Ofcom's July 10 announcement has deepened the crisis facing the CWU bureaucracy. It vindicates warnings by the Postal Workers Rank-and-File Committee (PWRFC) and confirmed suspicions among postal workers that the pilots are a fraud, the union leadership is fully committed to USO restructuring regardless of the ruinous impact on their jobs, working conditions, and the mail service.

It also exposes the central lie in the CWU's proposed final agreement with EP Group, announced July 3 by Ward and Walsh, that the pay award is a "no strings" deal "decoupled" from USO reform. The offer is derisory and fails to reverse a decades-long decline in wages, including a 14 percent real-terms cut under the previous three-year deal. The first year's 4.2 percent increase is just above the lower CPI inflation rate, while Years 2 and 3 are capped at 2 percent or CPI, with only a vague promise of talks if inflation rises above 3 percent. The aim is to lock in low pay and to roll out a new "Performance Incentive Scheme" with pay tied to productivity strings!

Postal workers have rightly challenged why they are voting on an agreement that finalises nothing on key issues, like equalising terms for new entrants. There is an "agreement" for a "first step" to an agreement in September and a "full plan" in December. The same fob-off applies to a promised "improvement" on sick pay, no later than September.

The CWU bureaucracy introduced the two-tier workforce and punitive sickness policy in 2023 through their last

"negotiators' agreement." Now they're throwing new entrants under the bus again who are paid just above the minimum wage, receiving no paid meal breaks, and working Sundays as mandatory. Walsh has since admitted that equalisation will take three years, and company sick pay will only return for the second absence so deductions will still apply for the third and fourth absence.

The PWRFC calls for a rejection of this rotten deal and the dishonest methods employed to get it through. Postal workers should demand a no-confidence vote in Ward, Walsh, and the entire CWU postal executive. The will of the membership must be asserted against this pro-company apparatus, to oppose the dismantling of the mail service and place power back in the hands of the rank-and-file.

In opposition to the postal executive, the PWRFC is putting forward the following demands to uphold the rights of postal workers and the public not the profits of the corporate oligarchy:

- **An inflation-busting, no-strings pay rise to recover lost wages!**
- **Abolish the two-tier workforce. Equal pay and conditions are non-negotiable!**
- **Defend the USO as a public service and social right!**
- **Workers' control of technology to shorten hours and improve safety, not destroy jobs!**

The development of the PWRFC can provide the platform to forge links with other key sections of workers engaged in decisive battles against the Starmer government, such as 400 Birmingham bin workers opposing its strikebreaking operation as they fight to defend their jobs and defeat drastic pay cuts. It is also central to linking up with postal and logistics workers internationally involved in parallel struggles opposing the overhaul of postal services to prioritise profits and ram through privatisation.



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