



**Amicus CMA response to the
Trade and Industry Committee Inquiry
into the Royal Mail Group**

The Communication Managers Association (CMA) sector represents some 16,000 managers and professional staff within the Royal Mail Group. The CMA is a section within the trade union Amicus which is the UK's second largest trade union with 1.2 million members across the private and public sectors.

Introduction

1. Amicus is always pleased to respond to requests for written evidence and to comment fully on proposals put forward. However this Consultation, which will focus on the refinancing of Royal Mail and the structure of the shares scheme, has proved challenging.
2. Amicus is disappointed in the lack of consultation with the trade unions on the proposal for both the reinvestment package and the share scheme within the Royal Mail Group. From what we know of the proposals it would appear to be a fundamental shift in the direction of Royal Mail and one which Amicus fears could lead to the privatisation of the postal service, to which we are opposed.

Investment

3. Whilst Amicus welcomes the investment it remains unclear to the union exactly what areas this will cover. Despite requests to Royal Mail we have not been involved in any detailed discussion with the company about their plans. Nevertheless in the meantime the redundancy programme continues to roll out with another 700+ job losses announced within the managers group during the first two weeks of June.
4. Amicus is also fully aware that other postal competitors are more advanced technologically than Royal Mail and that there are benefits to be gained through investment in updated technology. We want to engage in that dialogue. At the moment the information is at best patchy.

5. As an example Royal Mail engineering has suggested that with minimal investment the existing equipment may have an extended lifetime. Elsewhere we are aware that Royal Mail has decided to purchase some 1,000 walk sequencing machines. This would result in new ways of working in delivery offices and have an effect on the timing of deliveries to customers if Royal Mail is to sweat that asset. But our knowledge of this has again not been achieved through direct dealings with Royal Mail rather a number of trial machines have been introduced without consultation and agreement with the union.
6. This continual failure to consult through the established union/management channels indicates a blatant disregard for constructive dialogue. Royal Mail appears to prefer focus groups, employee surveys, and one-to-one communications from the top to communicate. But in the longer run that is no substitute for meaningful dialogue with the recognised trade unions. At the same time the staff are subject to endless speculation from the media about what the future holds. This uncertainty and the pressure it places on managers and other employees is causing serious problems in terms of stress and loss of morale.

Pensions

7. Amicus welcomes the Escrow arrangements which secure the funding to underwrite the pensions arrangements. We also welcome the commitment by Royal Mail to fund over the next 17 years increased pension contributions in an effort to resolve the current deficit and would see this as a significant step forward in the funding arrangements.
8. However as the refinancing package appears to be tied in with the restructuring plans for the company which could potentially lead to job losses, we will continue to be cautious until we see full details of how this will be achieved. It should be stated however that Amicus are firmly opposed to the refinancing of the Royal Mail pension scheme based on a restructuring programme which will lead to job losses.

Shares Scheme

9. One must challenge Royal Mail management on the confidence they have in their own proposals when they appear reluctant to reveal how the shares scheme will work or what percentage of the equity would be available for employees. Until Amicus sees the full proposals for the refinancing of the postal service and the structure of the share scheme we can only hazard a guess at how this would work and we may in fact find that the devil is in the detail.
10. Furthermore, there is no evidence that share distribution would necessarily contribute to improved relationships or productivity within the organisation and the potential wide distribution of equity would not

give employees any real say in the future direction of the business. Our concern is that the share option would be the sliding slope to an eventual full privatisation and ultimately the possible transference of the more profitable parts of the business into foreign hands.

11. Amicus believes that the share scheme is a blatant diversion from what is actually required to deliver a postal service fit for the 21st century, namely, a no strings attached, financial and technological investment in the industry.
12. In summary, Amicus is uncertain exactly where Royal Mail wishes to invest but are aware that newer technology exists within the postal industry. We are also aware that investment in Royal Mail has been lacking for some years and that this has resulted in poor working environments for employees particularly in delivery offices where a number of offices are not fit for the purpose for which they are used.
13. Amicus members have made it clear that they do not want a privatised postal service. Nor do they want information on the future of their company which is based on rumour and hearsay. They do want an efficient, effective, productive and well managed universal service where management work with employees to ensure this is delivered. Not management decisions by diktat.
14. Unless Royal Mail put the rumours to rest by publishing full details of their plans for the company, then morale and productivity among the workforce will inevitably suffer.

June 2006

**Paul Talbot
Assistant General Secretary
Amicus
35 King Street
London
WC2E 8JG**

Contact regarding this submission:

Liz Cairns
Amicus Research Officer
Tel: 0141 222 6545
Email: elizabeth.cairns@amicustheunion.org

