

Royal Mail asks Government to cut letter service to five days under overhaul

Royal Mail has asked the Government for an early move to cut its letter service to five days a week as it unveiled hefty losses after a hit from crippling strike action.

Boss Simon Thompson vowed to do “whatever it takes” to turn the group around after half-year results showed it tumbled to a £219 million underlying operating loss in the 26 weeks to September 25 against earnings of £235 million a year ago.

The group said three days of strike action in the first half cost Royal Mail around £70 million, while a further five days in October are estimated to have cost it about another £30 million.

It is in “intensive” talks with unions to avert further strike action but is making up to 6,000 redundancies amid a swingeing overhaul to turn around its fortunes.

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And it has now formally asked the Government to switch from a six-days-a-week letter delivery service to five, covering Monday to Friday only, under its Universal Service agreement.

The group will, however, look to maintain a seven-day parcel delivery service.

Mr Thompson, chief executive of Royal Mail, said: "We have always been clear we need change to survive.

"We have started turning the business around and will do whatever it takes."

He added: "We would prefer to reach agreement with the Communication Workers Union (CWU) but in any case we are moving ahead with changes to transform our business."

We have started to implement the change needed to rightsize Royal Mail, which will ensure that it is both better placed to serve our customers' needs in parcels, as well as letters, bring it back to profitability and provide a sustainable future

A Government spokesman said there are "no current plans to change the universal service".

He added: "While we recognise the issues that Royal Mail raise, there would need to be a strong case that showed changes would meet reasonable needs of users of postal services and ensure the financial sustainability of the universal postal service."

In a statement late on Wednesday, Royal Mail said it had entered "intensive talks" with the [CWU](#) ahead of the next wave of strikes planned on November 24.

It expects full-year losses of around £350-450 million, including the direct impact of 12 strike days – eight that have already taken place and four more that have been announced.

Royal Mail's owner International Distributions Services (IDS), which was renamed from Royal Mail Group earlier this year and includes international delivery service GLS and Intragroup, reported pre-tax losses of £127 million for the first half, against profits of £315 million a year ago.

Keith Williams, non-executive chairman of IDS, said: "We have started to implement the change needed to rightsize Royal Mail, which will ensure that it is both better placed to serve our customers' needs in parcels, as well as letters, bring it back to profitability and provide a sustainable future."

He added: "A sustainable future must also include urgent reform of the Universal Service.

"Government has now been approached to seek an early move to five day letter delivery, whilst we continue to improve parcel services.

"The board reiterates that in the event of the lack of significant operational change in Royal Mail it will look at all options to preserve value for the group including the possibility of separation of the two businesses."

Royal Mail last month said it will consult on up to 6,000 redundancies as part of efforts to reduce full-time roles by 10,000, blaming industrial action for mammoth financial losses.

It said it is seeking short-term cost efficiencies through the planned reduction of 5,000 full-time equivalent roles by March and around 10,000 by August.

It has so far focused efforts on the removal of overtime, the decision not to fill empty roles and a reduction in temporary workers, but gave no update on how many roles have gone.