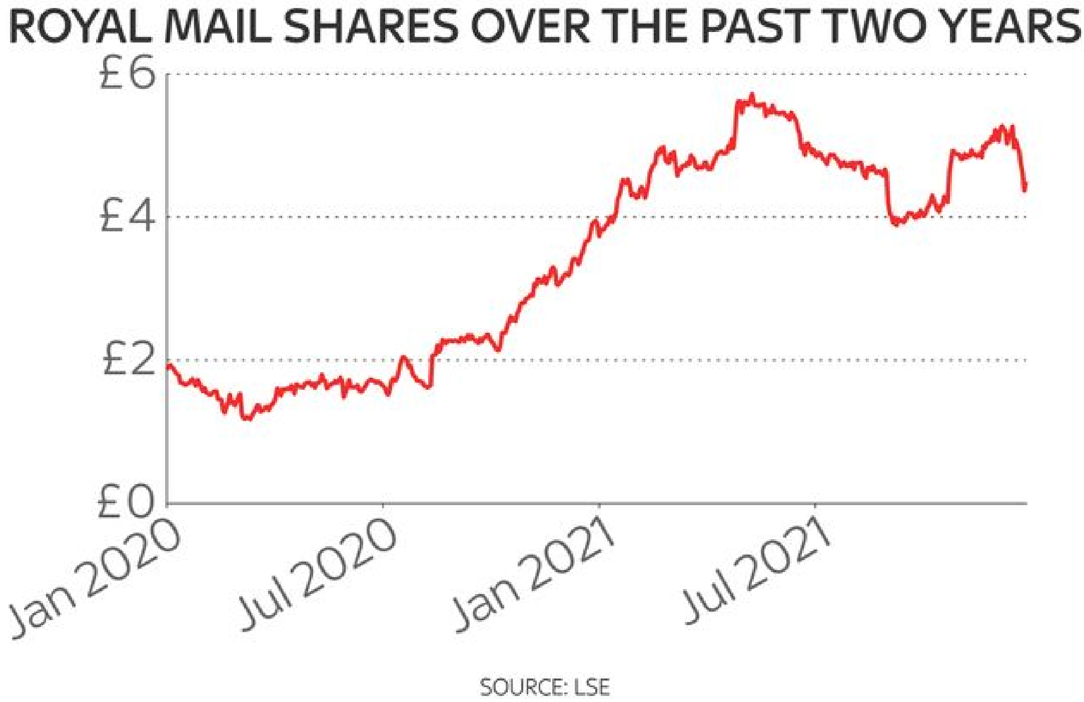
Royal Mail to cut 700 jobs after Christmas deliveries hit by Omicron disruption

Royal Mail has announced plans to cut 700 managerial jobs in a bid to cut costs after a tough Christmas season disrupted by the Omicron variant.

The company said it was engaging with its unions on the proposal which, it added, would hopefully be achieved through “natural turnover, redeployment and voluntary redundancy”.

The cuts come on top of 2,000 job losses announced as the COVID pandemic gathered pace in 2020 – a time when demand for its services surged, thanks largely to online orders during lockdowns.

Royal Mail, which has a chequered history in terms of cordial union relations, said the move would “further simplify and streamline our operational structures to ensure an improved focus on local performance, and devolve more accountability and flexibility to frontline operational managers”.



It expected that the cuts would result in £40m of savings annually.

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Royal Mail made the announcement while revealing that its UK business now expected to deliver adjusted operating profit of about £430m in its current financial year from an earlier forecast of £500m.

It blamed a restructuring charge of £70m.

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The company said it delivered a “solid performance” over the key Christmas season despite the challenges posed by staff COVID absence rates.

Royal Mail reported a 2.4% drop in revenue for the three months to December after a slower-than-expected rise in parcel volumes around Black Friday.

It said that revenue was still up 17% on 2019 levels. Shares were up by 3.5% at the market open.

Image:
Simon Thompson is a former Ocado executive who also ran the NHS Test and Trace app. Pic: Royal Mail

Chief executive Simon Thompson told investors: “With the rise of Omicron, absence has been around twice pre-COVID levels, with about 15,000 staff off sick or isolating in early January.

“Thankfully, this is now improving. We are resolutely focused on addressing these issues which have affected our service in some parts of the country.

“Year to date we have spent more than £340m on overtime, additional temporary staffing and sick pay, as well as providing targeted support for the offices most impacted.

“We have taken steps to maintain as comprehensive a service as possible, whilst keeping our people and customers safe. I’d like to thank all our people who have worked incredibly hard, as they have done throughout the pandemic.

“I would also thank customers for their patience in those areas where we have faced operational challenges and increased absence as we focus on restoring our usual levels of service everywhere.”