

The CWU's "framework agreement" backs Kretinsky's Royal Mail takeover

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20 December 2024

Communication Workers Union (CWU) General Secretary Dave Ward has announced a "groundbreaking negotiators' agreement" with billionaire Daniel Kretinsky and his private equity firm, EP Group. Ward claimed the £3.5 billion takeover of Royal Mail offers the "opportunity for a fresh start".

The Labour government announced its approval of the takeover on Monday, with a signed "Deed of Undertakings". Business Secretary Jonathan Reynolds said the deal showed "this Government's commitment to work hand in hand with business".

The CWU's deal with Kretinsky, "Rebuilding Royal Mail: A Framework Agreement between EP Group and CWU", was unanimously endorsed by the CWU Postal Executive Tuesday. It sets out the union's corporatist partnership with EP Group's investors and gives union officials a seat at the boardroom table.

Ward told a CWU Live online meeting Wednesday night that postal workers had to "accept the reality of privatisation"—Kretinsky has already established a 27.5 percent majority stake in Royal Mail and parent company, International Distribution Services (IDS). Ward claimed the agreements struck with Kretinsky "give us the best chance of rebuilding Royal Mail."

Nothing could be further from the truth. The agreements seek Royal Mail's transformation into a gig-economy parcel business to compete with Amazon. It is part of a global restructuring of the post and logistics sector, using AI and automation to slash thousands of jobs.

Kretinsky's EP UK Bidco Ltd is a newly formed special purpose vehicle (SPV) between EP Corporate Group and J&T Capital Partners to seek big rewards on their investment in the take-over.

Ward and Reynold's both claim that EP Group's "Deed of Undertakings" provides "legal protections" for postal workers via the government's £1 "Golden Share" in the company. But this supposed oversight is practically meaningless. All of EP Group's "undertakings" have been crafted to ensure that Kretinsky's profiteering and gutting of the mail service can proceed.

For example, EP Group can break up or sell-off Royal Mail and/or GLS after just three years—it must only "notify" the

Secretary of State of its plans. "Value extraction" (asset stripping) is permitted so long as EP Group can show "improved or maintained" quality of service against 2023-24 outcomes. The company is required to retain its headquarters and tax residency in the UK for just five years, after which it can relocate "with permission of the government".

EP Group's "legally binding undertakings" all come with a get-out clause. Citing the possibility of adverse market conditions or poor business performance, the CWU's Framework Agreement states: "EP Group reserves the right to withdraw from the legally binding commitments" on employee protections with three months' notice.

While Labour's "Deed of Undertakings" rubberstamps the takeover, the CWU's "Framework Agreement" spells out the union's enforcement role in delivering "a transformation agenda over the next three years" and beyond, including job destruction, the gutting of the Universal Service Obligation (USO) and a raid on pensions. In return, CWU bureaucrats will join a new Advisory Committee "composed of representatives of EP Group and the CWU" that will be "contractually anchored within the amended Articles of Association of Royal Mail", creating what amounts to Bidco-CWU Incorporated.

The Advisory Committee will discuss all board-level "operational matters" including "Royal Mail's business plan; Growing Royal Mail; Major industry and Employee relations issues; Capex [capital expenditure] initiatives; and Ongoing implementation of this agreement."

The looting of workers' £1 billion pension surplus is a taste of things to come. The CWU's agreement states: "At an appropriate time, it is agreed that any pension surplus from any pension schemes will be split between investment into RMG (Royal Mail Group) and for the benefit of Employees with agreed funds to be distributed into the Employee Collective Benefit Trust." Outrageously, Ward has claimed that the pensions surplus "is their [the company's] money."

The fraud of a "common interest"

The CWU's Framework Agreement with Kretinsky speaks about "aligning the interests of employees, customers, the company and shareholders" and resolving outstanding issues "in a mutually beneficial way". This is the same language used in last year's CWU-Royal Mail "Business Recovery, Transformation and Growth Agreement" (BRTGA) that ushered in an assault on postal workers' pay, terms and conditions, paving the way for the present takeover.

To bolster its claims about mutual interests between workers and corporate raiders, the CWU is promoting Kretinsky's pledge to distribute 10 percent of any profit dividends to Royal Mail workers. This pittance does not even come close to recompensing workers for the theft of their pension surplus. Moreover, any profit dividends will come off the back of policies aimed at driving up workloads and hours.

The agreement states there will be a "complete overhaul" of Royal Mail's resourcing model, introducing "a new performance incentive scheme for all employees" based on "efficiency and productivity measures and targets." It advocates "new ways to incentivise employees who need additional earnings". This exploits the fact that basic pay has been driven down as part of the BRTGA based on a 10 percent pay award spread across three years up to April 2025—a de facto pay cut.

Ward's claim that two-tier employment will be ended is bogus. The agreement speaks vaguely about "equalizing" the pay, terms and conditions of new entrants in "incremental steps over an agreed period of time," while "ensuring the necessary flexibility." Just as nebulous are the sections on pay, sickness benefits and reliance on agency workers—all of these will be "reviewed" after the sale with no details provided.

Finally, the agreement's pledge to review current redundancy terms "as a key measure to help avoid compulsory redundancies" is a red flag signalling plans for mass job cuts with the workforce already cut to the bone. The CWU has embraced Ofcom's plans to reduce the USO, decried as an "unfair financial burden". On Wednesday, Walsh told the CWU's online event that reduced deliveries are being trialled by the CWU at 37 delivery units across the UK from February 2025, part of Royal Mail's plans announced in April to slash letter delivery to alternate weekdays for all mail except First Class. This aims to generate £300 million in extra profit per year at the expense of 7,000 jobs.

Postal Workers Rank-and File Committee/IWA-RFC

The Royal Mail takeover is part of a global war on postal and logistics workers waged by corporations and governments who have weaponised automation and AI to carry out brutal restructuring to prioritise profits in a race to the bottom against

Amazon, UPS and Evri.

At Canada Post, 55,000 workers launched national strike action for more than a month against measures to "Amazonify" the workforce at the government-owned postal service by normalizing part-time and temporary employment. Workers also opposed the use of AI and other technologies to destroy letter carrier route ownership, regular work patterns and jobs—issues confronting tens of millions of workers globally.

The Trudeau government responded by outlawing the strike, with the Canadian Union of Postal Workers (CUPW) enforcing a return-to-work, robbing workers of their right to strike.

At the same time, US President-elect Donald Trump has announced plans to privatise the US Postal Service—the 500,000 strong workforce is already going through an Amazon-style restructuring. This intensified attack on thousands of jobs will be undertaken by an administration led by oligarchs such as Elon Musk which has threatened mass repression against "the enemy within".

Workers at Royal Mail, Amazon, Canada Post and USPS face a common political fight against a billionaire corporate oligarchy and capitalist governments in every country, whether Labour in Britain, the Liberals in Canada or Trump in the US who are prepared to use the full might of the state to uphold their interests.

The millions of workers employed in the post and logistics sector globally must mobilise their far greater strength to uphold their collective class interests and oppose the monopolisation of vital public services for corporate profit. The enormous advances in automation and AI must be used to vastly improve working conditions and pay. This means mobilising the rank-and-file against the trade union bureaucracy, which functions as a joint partner with corporate boardrooms and an industrial police force against workers.

This is the aim of the PWRFC, affiliated to the International Workers Alliance of Rank-and-File Committees (IWA-RFC) which works together with similar committees formed in the UK, Canada, Australia and the US.

The PWRFC's next online meeting is on Sunday, January 5 at 7pm. It will discuss the takeover agreed between Kretinsky, the Labour government and the CWU, and a strategy to fight back. Make plans to attend and help spread the word. **Register here.**



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