

Edinburgh MP campaigns to Save our Royal Mail



Royal Mail privatisation – Is it the green light to move out of town?

Fears that the sale will herald a move away from the High Street to industrial parks on the outskirts.

According to local MP for Edinburgh South, Ian Murray, high streets across the country are likely to suffer a further blow as a newly privatised Royal Mail seeks to maximise the resale value of hundreds of local sorting and delivery offices and move them to cheaper industrial parks outside of town.

Royal Mail operates from around 2,000 sites including 48 mail centres. Approximately half are owned by Royal Mail Estates and in many cases are in areas of prime central real estate. A disposal plan could result in these become vacant and sold on with Royal Mail consolidating its collection and distribution facilities in out of town industrial parks.

Mr Murray believes this is bad news for customers who will find they have to travel several miles to collect parcels and other recorded items.

We met up with him outside the parcel collection office in Falcon Road West this morning where he had just spoken to the staff about his fears. The area was busy with people collecting their parcels and some of those who felt much the same as their local representative were happy to speak on camera. Unfortunately there were some who dissented from that view who were not happy to be filmed.

The sale of Royal Mail shares was announced in the House of Commons on 12 September by Michael Fallon MP in the following statement:-

This is an important day for Royal Mail, its employees and its customers. This morning my right hon. Friend the Secretary of State laid a written ministerial statement before the House reporting that the Government have made a formal announcement of our intention to float Royal Mail on the premium segment of the London stock exchange. This follows the report and the statement by my right hon. Friend to the House on 10 July setting out our plans to conduct an initial public offering of Royal Mail shares during this financial year.

The sale of shares will complete the final part of the Government's reform of the postal sector, which Parliament debated and decided over two years ago. The overall objective of our reform is to continue to secure the universal postal service—the six-days-a-week, same-price-goes-anywhere service—which is vital to our economy. We have already put in place a proper regulatory framework and given Ofcom stronger powers to take the action necessary to protect the universal service. We have taken on Royal Mail's historical pension liabilities, which were crippling the company's financial position.

Our reforms, together with the hard work of employees in modernising the business, have put Royal Mail on the road to sustainable health. But under the restrictions of public ownership, its core mail business has lurched between profit and loss and has made a loss in five of the past 12 years. It has lost more than £1 billion, and during that period some 50,000 jobs were lost.

The sale of shares will give Royal Mail the commercial freedom it needs to succeed in a fully liberalised, competitive market. It will give the company future access to

the private sector capital it needs for investment and to seize the opportunities for growth, such as increasing parcel volumes arising from the boom in online shopping, a market now estimated to be worth £76 billion. It will give Royal Mail commercial confidence, free from Whitehall interference.

As set out in this morning's announcement of the intention to float, shares will be made available to institutions and members of the public through intermediaries or via direct application to the Government. When the public offering goes ahead, 10% of the shares will be allocated to around 150,000 eligible Royal Mail employees for free through an employee share scheme. Through that scheme, the Government will be delivering in full on the commitment to employees that Parliament made two years ago. It will be the largest employee share scheme of any major privatisation for 30 years.

The Government will take forward the sale and Royal Mail will publish its prospectus in the coming weeks. We will retain flexibility on the precise timetable, which will be announced at a later stage, just as we will retain flexibility around the size of the stake to be sold, but we intend to dispose of a majority of the shares in the company, taking into account shares sold and the 10% of shares that will be made available to employees through the share scheme. The final size of the stake sold through the public offering will be influenced by market conditions, investor demand and our objective of ensuring that value for money for the taxpayer is achieved.

I and Royal Mail's management fully recognise and understand the work force's natural apprehensions about the sale. I have continued to meet the union regularly over the past year to discuss those concerns. I want to reassure employees that a change of Royal Mail's ownership will not trigger any change in their terms and conditions. The Communication Workers Union will continue to be their recognised representative and their pensions will continue to be governed by the trustees.

As part of a three-year agreement, Royal Mail is also prepared to give legally binding assurances on: the continuation of a predominantly full-time work force; a commitment to provide and enhance existing services to customers using the current work force, with no change to the current structure of the company in relation to those services; and no additional outsourcing of services. Royal Mail and the union are discussing those assurances, along with a new pay deal and reform proposals on the pension fund. I do not believe that industrial action will help the situation, and it will certainly not prevent the sale going forward.

Following last week's debate on the postal services in rural areas, I want to reassure the House once again that a change in Royal Mail's ownership does not, and cannot, trigger any change in the provision of the universal postal service.

As universal service provider, Royal Mail will continue to be obliged to deliver to urban and rural areas alike, six days a week, at the same affordable prices. Changes to the uniform nature of that service would require new primary legislation. The Government have no plans for any such changes. Changes to the universal service's minimum requirements, which include free services for the blind and services to urban and rural areas alike, can be made only by affirmative resolutions in both Houses. The Government have no plans for such changes. Any suggestion that the privatisation of Royal Mail will lead to changes in the universal service are therefore completely unfounded.

I also want to reassure the House about the Post Office—the company that operates the network of post offices. The Post Office is now separate from Royal Mail, and it is not for sale. There will be no repeat by this Government of the closure programme that the Labour party implemented. Far from it; this Government are committed to ensuring a sustainable future for the Post Office. We are providing funding of £1.34

billion over four years to maintain a network of at least 11,500 branches and to ensure that 90% of the population live within 1 mile of a Post Office outlet. That is the largest investment in the Post Office's history, and it will also enable the modernisation of up to 6,000 branches.

This is a significant day for Royal Mail, and the sale of shares will complete our reform of the postal sector. We want Royal Mail to have the real commercial freedom that it needs to compete and to ensure the universal service that consumers and businesses rightly value. That is what our reform will deliver, and I commend this statement to the House.

It is not just in Westminster that this matter is being discussed. Following the recent claim at First Minister's Questions at Holyrood that the SNP government would reverse such a privatisation, Ian Murray MP said:-"This is yet another off the cuff, uncostered promise by Alex Salmond.

"His finance minister, on TV just 16 hours before, said he could not commit to renationalisation as he would not know the shape or format of the Royal Mail post privatisation and how much it would cost."

There is much debate about what the First Minister and the Finance Secretary actually said, but you can watch the video of FMQs below. No matter what the Finance Minister had said on Newsnight the night before the First Minister has now led the government into the position where they have given an assurance on the reversal in the event of independence in 2014:-