



22 July 2022

Royal Mail Wholesale

185 Farringdon Road
London
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ROYAL MAIL WHOLESAL UPDATE ON DISRUPTIVE EVENTS

Dear Customer

I am writing to let you know that Royal Mail is not seeking to rely on any Disruptive Events previously notified under the Access Letters Contract (**ALC**) and Wholesale Parcels Contract (**WPC**) and referred to in our correspondence dated 26 August 2020, 26 February 2021, 1 December 2021 and 28 March 2022 (the “**Pre-notified Issues**”) from 1 May 2022 onwards, following our assessment of the most recent data.

As you will be aware, many of the Pre-notified Issues have now ceased to impact our ability to process and deliver mail. This includes the removal of Government social distancing requirements, the ban on van sharing, the end of NHS Track and Trace notifications and guidance around shielding, as well as an improvement to the challenges around Delivery Office space being occupied with Parcels, necessitating prioritisation.

Unfortunately, however, it remains the case that the Covid-19 pandemic is not over, which is evident from the recent news that Covid-19 cases across the UK are again rising (and throughout the pandemic, as now, Royal Mail has seen a higher rate of infections than the rest of the UK). As a result, Royal Mail is still seeing the impacts of this within our business, in particular due to sick absence among our workforce remaining above pre-Covid levels.

To put the impact of absence into context, for Royal Mail, every 1% of absence equates to approximately 1,300 fewer members of staff, who are available to sort mail in Mail Centres, drive vans to distribute mail to Delivery Offices, or carry out walks and daily duties to deliver mail to households and businesses. If absence levels reach 8% this means approximately 10,400 employees are unable to work. Due to the nature of Covid infections, the impact on our operations is often acute and highly detrimental as it spreads quickly across a Delivery Office or Mail Centre.

However, having gathered, reviewed and analysed the data for May and June 2022 we can see that:

- a) whilst sick absence across our entire workforce, and specifically for staff in operational roles, remains above pre-Covid levels, it fell to 1.4% above pre-pandemic rates across May and June (i.e. compared to the equivalent 2019 period); and
- b) the mix of traffic as between parcels and letters fell, with Parcel volumes 15% lower on last year¹, which has brought the mix ratio down to pre-Covid levels, lessening the adverse impact that more time-consuming parcel deliveries have on our ability to complete a posties walk each day, as well as reducing the likelihood of an office ‘bulking out’ with Parcels.

It is for these reasons that, effective from 1 May 2022, we consider it appropriate to end our reliance on relief under clauses 7.2 and 7.3 of the ALC and WPC in respect of the Pre-notified Issues. This means that, subject to the other terms of the ALC and WPC, the quality data for Mailing Items received into our network from 1

¹ April to June, Royal Mail plc Trading Update 20 July 2022

May 2022 onwards is not automatically excluded for the purposes of measuring performance against the Service Standard for the 22/23 Contract Year.


As stated previously, we maintain that the pandemic is not over. If its impact causes us further issues, we will let you know as soon as we reasonably can. Due to the time it takes to gather, review and analyse the relevant data and its impact on the business, we may not be able to notify you until after the date upon which the impact was felt by our business.

Separately, you will be aware of some ongoing dialogue with our unions about possible industrial action, which, should it go ahead, will also be a Disruptive Event that we will notify under the contracts. Similarly, we recently contacted customers notifying you of a separate Disruptive Event caused by the impact of the extreme hot weather, which resulted in a red and amber weather warnings for most parts of the country.

For the avoidance of doubt, any subsequently notified Disruptive Event, whether related to Covid, weather warnings or industrial action will constitute a new Disruptive Event. It will not be a resumption or continuation of the Pre-notified Issues.

We strive to provide the highest level of service possible for all our customers. Should any further Disruptive Events arise, we shall take the reasonable steps necessary to mitigate their impact and resume normal performance as soon as reasonably possible.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tim Cable', with a horizontal line underneath.

Tim Cable
Wholesale Products Director
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