

Business and Trade Committee

Oral evidence: Royal Mail, HC 1796

Tuesday 24 March 2026

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Members present: Liam Byrne (Chair); Dan Aldridge; Antonia Bance; John Cooper; Sarah Edwards; Alison Griffiths; Justin Madders; Charlie Maynard; Nick Smith.

Administration Committee Member present: Nick Smith

Questions 35-92

Witnesses

- Alistair Cochrane, CEO, Royal Mail;
- Daniel Křetínský, Chairman, EP Holding; and
- Ricky McAulay, UK Operations Director, Royal Mail.

Examination of Witnesses

Witnesses: Alistair Cochrane, Daniel Křetínský and Ricky McAulay.

Chair: Welcome to this second panel in today's Business and Trade Committee hearings into delivery services at the Royal Mail. Thank you very much indeed for joining us, Mr Křetínský, Alistair Cochrane and Ricky McAulay. We are grateful for you coming to give evidence to the Committee this afternoon.

Mr Křetínský, would you like to start by taking this opportunity to apologise to the country for the decline in Royal Mail services?

Daniel Křetínský: I am a numbers person, so my very honest and genuine answer would be the following. Of course, I am deeply sorry for any letter that arrives late. I am deeply sorry if we are not delivering the letters on our promise, but at the same time I cannot adhere to your sentence and say that the quality of service is declining because the numbers just do not evidence that at all.

Our quality of service, unfortunately, is relatively consistent over the last three years. We are currently in the upper part of the interval. The stories, which I do not contest may be true, are not of the magnitude that would justify a statement that there is a decline in the quality of service. Perhaps, if you give me the opportunity, I will very briefly describe—

Q35 **Chair:** Let me just make sure I have understood you correctly, though: are you asking the Committee to believe that Royal Mail's performance is currently adequate?

Daniel Křetínský: No, that was not my answer. My answer was that there is no decline in the quality of service when we take this period and compare it with the previous period. They are two different things. If the quality of service declined—

Q36 **Chair:** Let me put it a different way then: do you believe the service is good enough? Do you believe it is up to what the nation expects?

Daniel Křetínský: No, and I will precisely explain, if you give me an opportunity, what our problem is and how it looks structurally.

Q37 **Chair:** We can absolutely get into that, but I want to make sure that we are on the same page. When we look at the statistics that you have provided to us, 74.9% of first-class mail is delivered on time against the 93% target and 90.2% of second-class mail is delivered on time versus a 98.5% target. When we project that on to your forecast numbers this year, we think that 220 million letters are going to be delivered late. In no world can that be justified as good enough.

Daniel Křetínský: Chair, I absolutely agree with the statement. The quality of service is not where we want it to be. That is very clear. What I have contested is the statement that it is currently declining. The statement that it is declining now is not true.

Q38 **Chair:** Mr Křetínský, we can argue about whether the service is good enough and whether it is improving fast enough, but before we get into the detail, you accept that you have a moral and legal responsibility to improve the service from the position it is in today.

Daniel Křetínský: Absolutely so, and we have a clear way going forward.

Q39 **Chair:** Do you believe that you can fix it?

Daniel Křetínský: Give me an opportunity to explain where the problem is with just a few numbers, and then we can precisely portray how we want to fix it and where we think we can get better. If you look at the overall number of our letters—apologies, I will use this year's numbers, so the forecasts for this year, which are reasonably accurate—we will be delivering roughly 5.6 billion letters. Nearly half of those letters are so-called economy letters—delivered D+5. In that pocket, we generally do not have a problem.

Then we have other categories of letters. Standard D+3 access letters are delivered three days after they have been posted. We have second-class mail and first-class mail. For D+3 and second-class mail, we are currently at the level of only above 90% of delivering on promise, which is not satisfactory. But at the same time, when you look at the so-called reliability target—how many of those letters would arrive in the next two days—within these categories we are getting close to 99%, which is the new target from Ofcom. We are currently around 98%. For the 2C letters, we are above 90% on promise, and nearly 99% have up to two days delay, which is not satisfactory. But that is the objective reality.

For the 1C, we are currently at the level of 80% delivering on promise—next day—and roughly around 96.6% in the next two days. That is where the problem really is, because if people pay for a first-class stamp, they should be sure that a letter is delivered the day after.

Q40 **Chair:** But do you dispute that over 200 million letters are now being delivered late?

Daniel Křetínský: No, I am not disputing that they are being delivered late. What I tried to explain is where the problem is. Our problem is that all the letters except first-class are arriving on the day they are required to by more than 90%, and for the rest, up to 98% arrive the next day or the day after. That is not perfect, but it is not catastrophic. Where we feel uncomfortable is really the first-class—

Q41 **Chair:** Most people in this country feel that this is a catastrophic service. Let's get into the questioning, but I just want to crystallise this: will you make a commitment to Parliament today that you are going to do what it takes to get this service back to what the nation expects?

Daniel Křetínský: Not unconditionally. We need to implement the USO reform. Without the USO reform, we have no way to fix it.

Chair, give me one opportunity for international comparison and to take the advantage of the fact that I am not a UK citizen. The first-class service



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is the most difficult service for any postal company in the world. To be clear, in Europe, there is only one country out of the big markets that continues to provide first-class service as universal service obligation, and that is the UK. All other countries have abandoned that service. The only ones that have kept it are Italy and the Netherlands, and they are leaving this service next month and the month after.

The costs of the first-class service in those other countries for a letter between 50g and 100g is at or above €5 per letter. What we are talking about here is that we want to deliver that service, as a universal service obligation, at the price of £1.70—soon enough £1.80—maintain it as a universal service obligation and bring the quality up. We are absolutely committed to doing so, we have a plan for how to do so, but I would like to ask the Committee to appreciate that for all colleagues and employees at Royal Mail this is a hard job.

This is a job that nobody else in Europe is doing. This is a job where, if someone decides to send a letter from Brighton to the Scottish highlands, you need to get it delivered the next day for £1.80—it is not an easy job, and the company and the people deserve appreciation for that.

Chair: We on the Committee know that, but you should have known that when you bought the service in the first place. We are going to get into some of the evidence that we have heard about service delivery failures, and then we are going to get into some of the detail about how we put this back together again.

Q42 **Alison Griffiths:** Do you know how many people have received important letters late, like medical appointments or penalty notices?

Daniel Křetínský: It is difficult to be precisely analytical, because we do not have the detail. I want to start with a very clear message. We are sorry for any letter that arrived late. I feel frustrated that unfortunately it happens. At the same time, I need to comment on two things.

First, the letters sent by the NHS are typically sent D+3 or economy; very few are sent first class. What I want to say for your benefit and understanding—I am not denying responsibility for any letter that is late—is that coincidentally the situations you are talking about are ones where we deliver on promise, which means D+2, above 90%. Within five days we typically deliver between 98% and 99% of letters on time.

Very few of the letters from the NHS and authorities are sent first class, and almost all of them are in the category where Royal Mail service is not far from perfection. We need to appreciate one thing: our organisation works with humans and all their unpredictability—sickness rates; different weather conditions—so our job is really hard. We deliver 5.6 billion letters, so it is normal that something will not be perfect—it is 5.6 billion!

Q43 **Alison Griffiths:** Mr Křetínský, let me address exactly the point that you are making about the human factor here. Let's put the human factor on to the other side of the equation. The other side of the equation is the customer who has paid for the service, and there are considerable



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numbers of people in the margin that you describe who are experiencing acute distress. That is from the types of letters that I have already talked about, but also from letters of condolence after a death, for example, where some came through to a constituent in such volume that the postman asked if it was her birthday when her husband had just died.

These are real stories. But the other issue that we need to address is that of the elections coming up in England, Scotland and Wales in May. Can you assure the Committee that nobody will be disenfranchised by receiving a ballot paper late?

Daniel Křetínský: Allow me to repeat one thing: this is the difficulty of our destiny in this job. We can try to do everything to fix the problem—and we will improve the quality of service if the USO is implemented—but one thing that we can never avoid is that there will be mistakes. It is the case for us; it is the case for any postal company in the world, and, by the way, it is the case for nearly all companies that are working with the human factor.

Unfortunately, much as I feel embarrassed when I hear specific stories, I know that this is our destiny. We work in an environment where mistakes will happen. I repeat: if we do something 5.6 billion times, it is clear that sometimes, something will go wrong. We cannot rule out that we will be confronted with those difficult situations.

For the elections, I will ask Alistair to comment specifically on how we do everything possible to avoid mistakes. By the way, we also do it for the NHS. Maybe Alistair can explain that, in cases where we know it is super important, we try to do everything that could be thought of to be the best service, at least in Europe.

Alistair Cochrane: Ms Griffiths, I will answer you in two different ways. I will come on to elections in a second.

Q44 **Chair:** Mr Cochrane, before you answer it in two different ways, could you just say yes or no? Are you guaranteeing to deliver postal votes to the country so that it can vote in elections on time? Yes or no?

Alistair Cochrane: We have put all the planning in place. I have spoken to the Electoral Commission and to MSPs up in Scotland to make sure that we are ready for the upcoming elections. It is not like a general election; we did not have that long to plan for the general election, and it went exceptionally well across the country.

We have been able to plan for this extensively. Ricky and his team have been doing this on an ongoing basis. I have a dedicated team set aside for this, working with all the different delivery offices and the mail centres that are involved in this. We are ready to deliver democracy for the country in the run-up to 7 May.

Q45 **Chair:** Ms Griffiths, anything further on that?

Alistair Cochrane: Can I come back to one point? On NHS letters, I appreciate hugely that anybody getting anything from the health service is

hugely important. We launched something in July 2025 to create a separate barcode for NHS letters. We have spoken to a number of health authorities and health departments up and down the country.

With the specified barcode, we have seen about 20.8 million items come through in the last three months. We can see that coming into our network. Wherever we have offices that are struggling at any given time, we look to extract that. I can also say to you that 6.8 million items across those three months have been extracted on NHS letters, because we understand how important they are. We deliver them to 96%. There are always going to be some challenges—

Q46 Alison Griffiths: What about the financial cost of penalty letters? You have not addressed that.

Alistair Cochrane: Unfortunately, we do not know what is in a letter when it is sent. That is the difficulty. Where we are able to identify it, we are able to do something about it.

Q47 Alison Griffiths: If it is coming from a council, for example, would that be prioritised?

Alistair Cochrane: We try to treat all our letters in the same way on first class and second class. If I look at the entirety of the letters that we deliver, 92.1% of all letters are delivered to their specification across our network. We do have challenges, from time to time. I can tell you today that we have published on our website 19 offices that we have particular issues in right now. It could be sickness or recruitment. Of those, I have 39 postal sectors out of 2,900 postal sectors that we are focused on right now. We published this upfront to make sure that people understand where we see the challenges within our own network.

Chair: The feedback we have had from across the country and through BBC Voices bears very little relationship to the postcode areas that you have published as problematic.

Q48 Nick Smith: Mr Cochrane, it is good to hear about your NHS-specific barcode approach. How many NHS organisations have signed up across the UK and what percentage is that of UK households? We get letters from constituents who talk about missed cancer care and appointments. How many individual complaints have you received at the Royal Mail about missed medical appointments in the last year?

Alistair Cochrane: I do not have that specific data at hand. I can get that—

Q49 Nick Smith: Does Mr Křetínský want to talk about it? We are trying to pull out important information about data affecting our constituents.

Alistair Cochrane: Mr Smith, I fully get that—genuinely, I do. For every single meeting that I have had with Government, MPs or any Minister, I have encouraged everybody to try to lobby in their areas—in their constituencies—for any health authority within their jurisdiction to adopt

our barcode letters. I do not want to see NHS letters arriving late to anybody for whatever reason.

Of course, we all know that the NHS has gone more down the digital route, so in some instances, I do not know how focused they have actually been on putting the barcode on. It genuinely helps us. That is why we have 20.8 million that I can see in the network across the last three months. I do not have the statistics on how many late NHS letter complaints we have had, but I can get that.

Daniel Křetínský: Allow me to be statistics-driven. Given the services that the NHS is using, letters that will not arrive on promise or within two days after promise will probably be between 1% and 2% of the letters sent by the NHS. We would like to reduce that to below 1%, but currently we think it is probably between 1% and 2%, with the clear aim to reduce it below 1%, which corresponds to the new regulatory targets from Ofcom. Alistair and I can have an interim discussion about whether we can also use the barcode for selected other situations. That can be a helpful input, and we will think about it.

Chair: Briefly, Mr Smith, because we may have votes at 4 o'clock, so I am keen to accelerate through.

Q50 **Nick Smith:** Mr Křetínský, what proportion of the UK population is covered by your NHS-specific barcode system?

Daniel Křetínský: Alistair will respond in detail, but this is a new service, so clearly it will be a minority. What Alistair was trying to explain was that we are trying to educate the NHS and explain that there is this opportunity. It is a new service. It is a service that is responding to the problem that we have, and it is about to be implemented. Clearly, it will be a minority, but my numbers—the 1% to 2%—relate to all NHS letters.

Alistair Cochrane: Just to add, Mr Smith, it is across the country for those authorities and health departments that have chosen to adopt it. We have done letters out to a number of these authorities as well. We are encouraging everybody to use it, because it gives us the ability, when needed, to extract that and make sure it gets through to delivery.

Q51 **Nick Smith:** Can we have all the background information, please?

Alistair Cochrane: Of course.

Q52 **Sarah Edwards:** Mr Křetínský, I believe you are a billionaire. I have never met a billionaire. I was just wondering what made you buy Royal Mail. We have some figures in front of us—you said you are a numbers person, so I would appreciate your assistance here. In 2019, Royal Mail had an adjusted operating profit of £234 million. In 2020, it was £117 million; in 2021, it was £344 million; and in 2022, it was £416 million operating profit. Then, in 2023, it substantially dropped, by a jaw-dropping amount, to become an operating loss of £419 million. In 2024, we reclaim a little bit, and get to £348 million, and then in 2025 we get back to £8 million. What made you want to buy Royal Mail and invest in



that?

Daniel Křetínský: Thank you very much for the question. I truly believe that Royal Mail has a future, deserves a future and must have a future. My personal commitment and ambition is to contribute so that that is so, and so that this is a successful future. This is why I am here. If you want a different form of answer, I am really driven by the challenge, not by profit, but I know that if we do things right, we will also create value at the end of the day. But right now, we need to concentrate and focus on transformation.

Q53 **Sarah Edwards:** We heard in our last session that there has been a drive to prioritise parcels over letters. Now, some of that is clearly a logistical operation, but we also know there has been a boom in online shopping, and clearly lots of people are ordering parcels and the like. Is that something that attracted you to the business model as something you wanted to pursue?

Daniel Křetínský: Let me be very clear about two things. First of all—I understand that there may be additional questions on this topic—in my capacity as chairman of Royal Mail, I have never heard any instruction or discussion, and have not participated in any exchange, that would sanction that Royal Mail is prioritising parcels over letters. I can categorically deny that. I have asked some additional questions about where this information could have come from, and we have some explanations, potentially, of how the confusion could have come about. But categorically, this is not any management decision, and nobody is incentivised to do that. We think it is actually not happening.

To your question about parcels, they are of course important for Royal Mail. Overall, Royal Mail had two options historically. One was to become a letters-only company and accept that, with the behavioural change of the population, with fewer letters, one day its existence will stop. There will be a day—you can believe me that this is to my frustration, both professionally and personally—that letters are not going to be used, or will be used in an insufficient quantity to keep a nationwide service. I do not know whether that is going to be in 50 years or 100 years, but it will happen. If a company that was established in 1516 is to have a longer future, we need to onboard the new rising business—which I think was the right decision—because digitalisation brings two things: downwards pressure on letters and upwards pressure on parcels. Onboarding parcels and making it part of Royal Mail's business is a way to preserve Royal Mail for a longer period. In that sense, I think the decision has been correct.

It is also important for you to understand that most of our parcels are delivered in a so-called "combined way". We deliver letters and parcels together. In terms of economic logic, what makes the most sense is to deliver both together. In no situation does it make sense to take parcels and not take letters with them—because if the postie is there with parcels it makes absolute sense and vice versa.

Q54 **Sarah Edwards:** The evidence we have heard suggests that the challenge



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is that that has not been happening. I was trying to establish whether it had been looked at as to whether, as an investor, the universal service obligation was actually a problem for the company and something that you are trying to overcome. At the moment, we do not have any account of where that profit is currently sitting for Royal Mail which is partly because it now sits within the private company. How is it doing? What do the profits look like?

Daniel Křetínský: My answer is very simple: we have invested everything back into operations. Royal Mail is again heading to roughly zero profit. I think that is absolutely needed and legitimate in the situation where we do not have the quality service where we need it. Logically, we have invested back everything. I have heard part of the CWU's explanation, and I just want to make one thing very clear: for the first 11 months of this year, our personnel costs have risen by £355 million year on year—that is roughly 6.7%. The claim that we are effectively reducing personnel costs is unfounded. It is not true that we are reducing our personnel costs and paying for less working hours. It is also not true that we are trying to generate profits by compromising on quality of service. None of that is true.

Alistair Cochrane: One of the first objectives that Mr Křetínský gave me when he took over the company was to go out and do a three-year pay deal with both unions, the CWU and Unite CMA. That was the first instruction I had: to make sure we could give assurance across the organisation and to all 130,000 employees who are driving to deliver a sound quality of service across the country. That was the commitment that Daniel gave me to deliver into the business. If I can touch on the prioritisation piece, there is no single postie or manager who is incentivised to deliver parcels over letters.

Chair: We are going to come back to that in some detail—so let me just pause that for a moment there.

Q55 **John Cooper:** Mr Křetínský, what promises did you make to the Government? Getting this deal over the line was quite difficult, so what promises did you make to the Government? Alex Brummer in the *Daily Mail* today is very sceptical about these highly leveraged deals. He cites previous examples, such as that of Thames Water, which have fallen apart. Mr Cochrane, you touched on the pay deal, in the *Mail* today it says "Křetínský's peace deal with the unions always was unlikely to hold." Are we to believe that you went into this with a highly leveraged deal out of the goodness of your heart? What promises did you make to get this over the line?

Daniel Křetínský: I really appreciate the question because I have the opportunity to state very clearly that there is no financial debt at Royal Mail at all—Royal Mail does not have any financial debt. It has a revolving banking facility which is unused and is there in case of shrinking working capital—but there is no financial debt at Royal Mail, and Royal Mail is not providing any upstream guarantees for our acquisition. There is strictly no negative impact. On the contrary, there is a positive impact now and in



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future. It was one of the requests of the Secretary of State at the time, Jonathan Reynolds, to capitalise the receivables or intercompany loan that IDS historically had vis-à-vis Royal Mail. Following the acquisitions, there was an equity injection into Royal Mail by a capitalisation of that intercompany loan of more than £700 million, and there has been no additional burden put on Royal Mail. I am really grateful for the question, because I wanted the opportunity to clear this up.

Q56 John Cooper: So the idea that there is £3 billion of high interest rate loans on the books is incorrect, is it?

Daniel Křetínský: No—that has nothing to do with Royal Mail. What you may be referring to is the acquisition that sits at the level of IDS, which is secured solely and purely by GLS—that is, the other part of IDS Group. Co-incidentally, the interest rates on this one are lower than the independent interest rates that existed before at the IDS level.

Q57 John Cooper: Can I just return to this question about what you said to the Government? Did you give them guarantees on service levels, delivery levels and staff numbers?

Daniel Křetínský: Thank you again for the question. The set of guarantees that we gave to the Government was relatively extensive. By the way, there are a few clear commitments. For example, we will never distribute dividends from Royal Mail if the indebtedness exceeds certain variable levels, and we will not distribute dividends if the quality of service is deteriorating, compared with the period before takeover. The Government have negotiated really properly on behalf of British citizens, and we have put in place a number of commitments that completely shield Royal Mail, by the way, from interests that we never had. It was never my intention, logically, to put any burden on Royal Mail.

Q58 John Cooper: What about service guarantees? You must understand that our constituents are deeply concerned about the level of service that they are getting. I represent Scotland, where the NHS is analogue—there are no apps. They are heavily reliant on letters coming and going, and being delivered on time. Did you give guarantees about those service levels?

Daniel Křetínský: We were outsiders to the company, so we could not promise a specific quality of service without knowing the situation, or without knowing when and how the USO reform would be implemented.

There is some good news. With the NHS, I am being insistent about the letters that are really late, as we want to be on promise. If the NHS is sending D+3, we want to be within that promise, not two days late. If we take this, plus two days, statistically, between 1% and 2% of NHS letters are late—we try to minimise it, as you have heard.

Following the USO, we are really committed to bring late letters down below 1%, which is also the regulatory target set by Ofcom. We think that it is absolutely realistic, because the USO reform allows us to split the work across the week in a more even way.



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Sorry for the long answer, but you need to imagine that our posties and delivery office managers face a really heavy fight every day. They come into the office, and they have a load of letters and parcels, which are not completely predictable. They also have a sickness rate, which is sometimes unpredictable, and due to obvious financial constraints, they cannot permanently be over-staffed.

By the way, the share of personal costs on our revenues this year is 71.5%, which means that we invest 71.5% of every £1 received back into people. These people on the ground are then fighting with the heavily evolving situation, and it is an extremely hard job. I would like to appreciate both the posties and the operating managers on the ground, because they are doing a job that really is not easy.

Q59 John Cooper: I think we know how difficult the job is, Mr Křetínský, and you must have known that coming into it. You say that you did not know much about the business, but you must have understood how the system basically works. If we look around Europe, such as at the Italian postal service, it is actually doing rather well, and it is very cash rich. Looking at the business plan, Mr Cochrane, did you enshrine any of these promises in the business plan? Do you have guarantees underpinning those?

Alistair Cochrane: We have been working collaboratively with the CWU on a number of the commitments that were agreed at the time when Daniel came into the organisation and the deal was actually struck. Daniel is right about USO reform; I am hugely committed to that and the rebalancing of our network. Mail within the UK has changed dramatically over a number of years. If you go back to 2004-05, we were delivering 20 billion letters. However, as I told Mr Byrne in writing, we delivered 6.3 billion last year. This year, we are talking about a figure of between 5.6 billion and 5.7 billion, so letters are continuing to decline.

We have to make sure that we have a USO, which we are hugely proud of, by the way, to represent that for the whole country and for all the individuals we have across the organisation. We have got to have something sustainable that gets service quality back to the levels that we want to stand behind, so that recipients can understand what is coming to their door on a day to day, week to week basis.

Q60 John Cooper: This is a question for both of you, then. How can you honour those commitments? As consumers of your service, we cannot have you firing an arrow in the air, seeing where it lands and then painting the target around that. We need to set targets and have you meet those, not the other way around. Are we being asked to accept a lesser USO? Are we moving away from that? Are bits of rural Scotland—not necessarily the highlands; the lowlands as well—expected to do that?

Alistair Cochrane: Not at all. We are looking to make sure that we have a USO for the future that is sustainable, and that we can make sure that we get the service levels based upon the agreed quality of service measures that we have agreed with Ofcom. We went out to consultancy on that as well. The one thing I have been committed to, as CEO of this



organisation, is that we are still in dialogue with the CWU. I will host and make sure that everybody understands what the improvement plan will be for USO reform over the next 12 months. We will be able to demonstrate quite specifically how we will deliver this. It will take five to six months to deliver into the organisation to make sure that we have USO reform across every location. There are 1,250 delivery offices; it is a big task, but we are fully committed to making sure that that happens.

Q61 John Cooper: Mr Křetínský, are we paying more for less? Is that basically what you are offering us?

Daniel Křetínský: Please allow me to use the example of the Italian post and then draw a practical conclusion for the UK. When talking about Italian post, their target for first class letters is currently 80%, where we actually are, and they are charging—

Chair: Mr Křetínský, we don't want to be judged against Italy.

Daniel Křetínský: No, but I will explain because this shows the level of the ambition that we have. You mentioned Italy. For a letter that we are delivering for £1.70 and £1.80, they charge €5.50 per letter. Therefore, they have money. What do we want to do? I will make a very important note for you, because this is crucial for the future prices of letters in this country. We are trying to maintain the prices as low as can be, which is evidenced by our result. What we need in the future, with fewer letters, is a successful parcel business to be able to cross-subsidise or bear as big a part of the cost as possible.

We have a major issue—it is in your hands, and therefore I really want to mention it: the complete absence of a level playing field. We are employing people. Our competition is using contracted drivers or owner-drivers. The cost to the employer, if we compare the old terms and conditions with the cost of our competitor courier, is double. Costs to us are double. The future, growing business of parcels, which helps us keep the prices of letters low, is burdened two times more than our competitors. Two of them have a strong involvement in foreign post, which, in their home countries, has protection against this. What the UK is doing is not protecting Royal Mail.

Chair: It is a point well made, and which we need to reflect on.

Q62 Charlie Maynard: Mr Křetínský, I want to ask about the company that you control that bought Royal Mail. In EP Holdings' latest financial statements for the full year 2024, roughly €1.3 billion of earnings—EBITDA—was generated from gas transmission, storage and distribution. As I understand it, and please correct me if I am wrong, that is gas coming out of Russia and through a Slovak pipeline. Was this acquisition funded using Russian gas?

Daniel Křetínský: Thank you for the question; again, I am really grateful that I can clear up this confusion. All these stories about Russian gas come from the simple fact that we are a 49% owner with management control of a gas pipe over Slovakia.



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Charlie Maynard: Eustream?

Daniel Křetínský: Eustream. Eustream transmits gas in all directions. By the way, it has been a vital way for Ukraine to survive and be able to stand and oppose Russia in this horrible aggression. Speaking on this year's numbers, the overall contribution of this pipeline to our accounts, on a proportional basis, is roughly €50 million of EBITDA.

Q63 **Charlie Maynard:** Off gas transmission of €430 million.

Daniel Křetínský: Yes, back then.

Q64 **Charlie Maynard:** But that is relevant, because that is where the money came from.

Daniel Křetínský: We are a relatively sizeable organisation. If you want to make a hypothetical link—I will go into a bit of detail on this calculation. Speaking very roughly, if EBITDA was €440 million, there would be some €300 million of profit from gas transmission. Of that, 51% would go to the Slovak state, so we would have €150 million. Of that, 30% would go to Macquarie, so we would have a contribution of roughly €105 million. From overall earnings for the period, which would be—help me—€5 billion or €6 billion—

Charlie Maynard: There is '23 and '25.

Daniel Křetínský: Yes, so it would be about 2%. It is not Russian gas. We are not buying Russian gas. We are the operator of the infrastructure.

Q65 **Charlie Maynard:** But where does the gas come from?

Daniel Křetínský: But the gas is bought by somebody else. We are providing a service of transportation. Can I explain something? Russian gas was, at some point in time, 30% or 35% of European consumption and 50% of German consumption. This gas was all across Europe in all pipes. Would you ask a French company where the money comes from because they are transmitting all sorts of gas? Of course, the €400 million is not Russian gas. There is a proportion of Russian gas at the time, but it is a minority contribution, so I do not think this question is fair. It is confusing two things: operating infrastructure on a certain territory and the trade that is behind that infrastructure. The trade behind that infrastructure is between Austrian, Italian, French and Russian companies. What we are doing is operating the infrastructure. We managed to activate the reverse flow of gas to Ukraine. We were the only one at the time. If we did anything, we helped Ukraine.

Q66 **Charlie Maynard:** I beg to differ, but we will pass on that. That business has a pipeline at the centre of it, but there is distribution and storage off it.

Daniel Křetínský: Sorry, but distribution and storage have nothing to do with this. There is no way to connect any Russian element, as you call it. Distribution of gas in Slovakia means that we operate a large octopus of different sizes of pipes and compressor stations that distribute gas to every single Slovak household that is connected to gas. That gas is of



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various natures, like it always is on the continent, so there would be different suppliers.

Q67 Charlie Maynard: It is flowing east to west.

Daniel Křetínský: No. SPP, the largest supplier of gas in Slovakia, is 100% state-owned. You should ask that company where the gas comes from.

Q68 Charlie Maynard: Now or historically?

Daniel Křetínský: Always. We are an operator of infrastructure. We do not even know where the gas is coming from. We have a supplier. The supplier could be SPP, a Czech company or any other company. They nominate how much gas of any origin there is. We sincerely do not know. We have to deliver to a specific household. We have nothing to do with the gas except for delivering it.

Chair: Okay, Mr Křetínský, we've got that answer.

Q69 Charlie Maynard: Many people say that Royal Mail is set up to fail. If you keep failing, you can keep banging on Ofcom's door and asking for a reduced USO, as has been the case for the last 10 years. Meanwhile, GLS, your parcels business, grows, and that is what is going to continue. You are a capitalist. Those incentives seem to be completely wrong. You bought into the business knowing that those incentives are wonky. How could those incentives be better aligned? Please do not just say, "Let's cut the USO." How do we get those incentives more in line so that we have a proper Royal Mail, which is incredibly important to our country, and a business that works? Is that possible, or is it just a natural conflict?

Chair: Before you conclude, there will be a vote in three minutes, and I will suspend the session then. However, since this is such an important session, I will ask you to stay, if you do not mind, and we will come back and resume. Please answer that question first.

Daniel Křetínský: Thank you for a great question. It is the opposite. Commercial success and our ability to provide the best service at the lowest possible price are completely interlinked. We are operating one network with parcels and letters. We need that network to be as efficient as possible to keep letter prices as low as we can. Those two things go absolutely hand in hand. I have to tell you that, if Royal Mail is unsuccessful in the parcel business, it will lead to much higher letter prices. We are absolutely committed to doing everything to avoid that, and I need your help—

Q70 Charlie Maynard: Sorry, are you saying that the incentives are aligned?

Daniel Křetínský: Absolutely, because it is one economic system. The postie is delivering parcels and letters. It is one economic system.

Chair: There is a vote in the House, so I will suspend the session, but if you would be kind enough to remain in place, we will resume by 16.12. I ask Members to be back for then, when we will resume.



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Sitting suspended for a Division in the House.

On resuming—

Q71 **Chair:** Mr Maynard, I think you had finished your line of questioning, but Mr Křetínský, I think you said earlier that dividends have not been taken out of the business since the EP takeover. Can you confirm that?

Daniel Křetínský: Yes.

Q72 **Justin Madders:** About half an hour ago, Mr Křetínský, you categorically denied that parcels are prioritised in the business. The story the Committee has heard is very different. We have had hundreds of postal workers tell us that it is what happens. The Committee has previously found that it is what happens. There has been a BBC investigation that found that it is what happens. We all have constituents who tell us that no post appears for days, and then it comes in a big clump. This afternoon, the Communication Workers Union has presented us with a couple of documents that show there is a very clear instruction to prioritise parcels, but you say that is not what happens in reality. How are we to conclude anything other than that you do not know what is going on in your own business?

Daniel Křetínský: Thank you for the question. First, what I have said—I can comment on what I have physically witnessed—is that I can categorically deny that I would take part in any conversation that would directly or indirectly suggest that this is something that is happening. When all this appeared in the media, of course I asked Alistair and Ricky, “How is it possible that these stories are out there?” I would encourage both gentlemen to comment on that. We have two speculations on how this feeling could have emerged. The first is that if a delivery office is being physically blocked by the parcels, the delivery office manager can give an instruction to clear the way, so he may say, “Because the delivery office is physically blocked by parcels, you need to get rid of them to free up the way.”

Q73 **Justin Madders:** Our evidence is that that is not the case at all—it is a routine instruction. When did you last go to a delivery office to see for yourself what happens?

Daniel Křetínský: Of course, they would not show it in front of me. The second one—

Q74 **Chair:** But Mr Křetínský, the question is when did you last go to a delivery office to walk the floor?

Daniel Křetínský: A couple of months ago. For me, the role is to understand the numbers, to strategically steer the business and to have internal conversations, not to make gestures. I have visited places. I will visit more, but that is not what is needed as my contribution at the moment.

Q75 **Chair:** Let me give you some of the evidence we have heard. This is from a postie in Scotland: “Tracked parcels are always prioritised, letters left



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behind." A postie from Wales said: "This has been happening since covid. Letters sit for days." A postie from Norfolk said: "We were told to clear tracked first, no matter what." A postie from Oxford said: "It is standard practice now—parcels first, letters if there's time." A postie from Nottinghamshire said: "You simply cannot complete both, so letters are what gets left." Another from London said: "The business is now parcels. Letters are secondary." This is not an isolated pattern; this is a national breakdown in the service.

Daniel Křetínský: You are now referring to the second case, and again my colleagues will explain immediately in greater detail. The second potential explanation for this claim comes from what you are now alluding to. If there is a real problem with staffing, with congestion, if we have unexpected sickness—if there is a crisis in the delivery office—I have learned that there could be an instruction to deal first with priority products. The priority products will be first-class letters, and it could also be next-day parcels, but there would never be an instruction of parcels over letters. There could be an instruction because we are in a horrible situation where we don't manage the specific day—

Q76 **Chair:** But the horrible situation is every day in Royal Mail.

Daniel Křetínský: Really, the numbers and the quality of service, which we are monitoring on a weekly basis, simply do not evidence that.

Q77 **Chair:** You've got 220 million letters delivered late. You have even said that your priority is to get the fraction down to 1%, but that would still be 63 million letters late.

Daniel Křetínský: This year, unfortunately, it is only 56 million. There are two different things: the horrible fact of how many letters are late, which is the objective statistic, and then what is reasonable and human to ask of our troops on the ground. I repeat again that we are absolutely committed to bringing the quality of service to a level where the 99% service reliability is met, which means on promise or two days later.

At the same time, there would still be a number of cases where that is not happening, but I can say—and I will hand this over as it is an operational issue—there is no instruction to prioritise parcels over letters. What can happen is that we prioritise priority products—first-class letters and quasi-first-class T24 parcels—in a crisis situation.

Q78 **Chair:** We are just not in a position to believe you on this, Mr Křetínský, I am afraid. We will take the evidence again from the whistleblowers that we have, and we will take the evidence from the CWU. We will put that back to you, but if we need to put you under oath to swear this truth in front of the Committee, believe me, I will ask you to do that. Mr Cochrane, please clarify. I will then ask Mr Madders to conclude.

Alistair Cochrane: I think it would be good for my colleague, Mr McAulay, and I to answer this question. Mr Madders, we operate on a contingency basis. As Daniel has already called out, there are instances where we have to clear floors. You have been into some of our delivery offices. They are designed to deliver letters. They were never designed to



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deliver parcels and letters. We try to make sure that contingency is used as little as possible. We do unannounced self-audits across the business. Currently, we do around 100 a week to make sure that we do not have an endemic problem across our organisation.

Q79 **Justin Madders:** Would you agree to an independent audit?

Alistair Cochrane: I would be happy for someone to come in and audit us.

Q80 **Justin Madders:** It would really help us because, as the Chair said, we have so much evidence contradicting what you are saying—

Daniel Křetínský: Absolutely. We would of course welcome any specific information on where this is happening, and we have no problem with independent audit.

Ricky McAulay: For the record, if I can go back to the contingency triangle process that was put on by the CWU as evidence, it specifically said that first-class letters were not prioritised with next-day parcels, when in fact they are. Just to be very clear, where we have a contingency or a resourcing shortfall and we cannot clear the unit that day, it is all first-class items and next-day items, along with the parcels. That is very clear.

Q81 **Chair:** Last year, on an average day in your business, how many managers issued an instruction to staff to implement the contingency arrangements Mr Křetínský has set out?

Ricky McAulay: If you look at the overall numbers and go back to the independent measurement, 92% of letters—

Q82 **Chair:** I am not talking about the headline percentages. I am asking how often—how many times, specifically—your managers said, “Look, today, we will have to prioritise parcels”.

Ricky McAulay: I do not have that number—

Q83 **Chair:** Does your business have that number?

Ricky McAulay: When it comes to the—

Chair: Do you track that number?

Ricky McAulay: We do not track it in the way you are asking for, and Mr Cochrane made it very clear in the letter he sent—

Q84 **Chair:** How do you know the answer to the question?

Ricky McAulay: Where we have an operational issue, we track its cause, be it sickness or vacancies. We can supply those numbers, and in those events there will be a case where, for space reasons, parcels are prioritised.

Q85 **Justin Madders:** So you accept that parcels are prioritised in certain circumstances, but you cannot tell us how many times that happens?



Daniel Křetínský: No, we are saying that we are prioritising priority products, which means first-class letters and first-class parcels. Again, maybe there is an element of forward-looking. We really think, and we are deeply convinced, that the implementation of USO reform will, importantly, help us to reduce the number of those unfortunate situations, for a number of reasons. Maybe Alistair wants to take this one.

Alistair Cochrane: Mr Madders, what I would say is that we have a number of qualified managers running our offices, day in and day out. We work very hard to make sure we are getting through all the delivery services. We leave it in their hands, and they have to judge independently how a facility is looking on a given day, depending on what the fall-to-ground parcels have been.

The size of parcels has grown by about 60% over the last few years, so the litreage, as we call it internally, has been growing. Parcels are getting bigger and some of our sites have not got bigger, so we have to use that contingency on a limited basis. The reason we go out and audit—on unannounced self-audits—is to make sure we are not using some of the controls miscellaneously. We trust our managers to go out there and do what is required on a day-to-day basis.

Q86 **Dan Aldridge:** I am getting a sense of the real problem of communication and culture. There seems to be a real clash between the data and the perception that you have, and the perception and the reality that we are experiencing as constituency MPs.

Something was said earlier about first-class being prioritised in moments of high stress or high demand. My perception is that workers may feel that they are always in that crisis management mode, so they never switch off from that. What I have seen in my local sorting office is the sense that, “We’re never going to get this done.” That is why I think it is important that you walk the floors—it is not just about the numbers.

I have been asked to ask a specific question about postal workers being told to fail mail deliberately. That is something we are getting a sense of. Even though many of them are willing to deliver, they are being prevented from doing extra overtime.

Alistair Cochrane: Where I see it, and where I want to go with regard to the USO, is in relation to change and reform. As Daniel mentioned, that will balance the week in a much more stable way. If you look at how the volume comes into our network—whether it is letters or parcels—Monday and Tuesday are the quietest two days of the week, and Wednesday through Friday, even into Saturday, can be the busier times of the week. Therefore, giving us the ability to go alternate days for second-class and access mail will give us the ability to make sure that there is a more balanced approach Monday through Friday to the volumes coming into our network. On top of that, it gives us the ability to make sure that we have the resource-to-demand right in our locations across the country.

I have been really keen that, as part of what we are doing on USO reform, we are putting in another 6,000 part-time to full-time positions, because



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under USO reform, more full-time positions are required than part-time. One of the issues mentioned earlier by the CWU regards retention, and I would like to come on to that, if I can.

Chair: Please do.

Alistair Cochrane: In our new-entrant contracts, on average about 31 hours are worked in a week. We do not have an attraction issue, as we have up to 15 applicants for every role.

We have 29,000 colleagues across the country, and I want to make sure that they have more hours to work. It is not necessarily about their hourly rate, but the hours they are actually working. That will assist them and help us on retention. It is really important. On top of that, the USO reform will give them more Saturdays off. The balance of the work that we do, and the way we have structured what we will do across the USO reform gives us that ability and will assist in the wellbeing of our colleagues up and down the country.

Daniel Křetínský: I can add that we are exploring, and effectively already investing in, different digital solutions and operational solutions that would help us to increase the predictability of the parcel flow through the system, so that the delivery office manager has a greater visibility of what is coming in terms of the numbers and profiles of parcels. We are absolutely on it. We are not only concentrating on the benefits of the USO reforms, which are major, but trying to do everything alongside that to deal with the issue of the predictability of the flow and to enhance and better manage the resources. That is a difficult job.

Q87 **Dan Aldridge:** So there isn't a ban on overtime.

Daniel Křetínský: We have more overtime than we had last year, so this is simply untrue.

Alistair Cochrane: Can I answer the question on overtime? The average hours of overtime last week were 5.7, with 83,000 posties in the network. To give you an idea, that is about £6 million to £7 million a week. If I go into peak, that was topped up—over nine hours to an individual. So it does fluctuate, based on what volumes we have coming through the network, but there is no ban on overtime.

Dan Aldridge: Thank you. That is helpful.

Q88 **Antonia Bance:** To return to something you said earlier, Mr Křetínský, you would like to be running a gig economy parcel business. Is that right?

Daniel Křetínský: No. Sorry—maybe I did not properly understand the question—but what I was asking was that you deal with the gig economy parcel businesses, on the side of our competitors, because they are using this operating mode, and it puts enormous and unfair pressure on us.

Q89 **Antonia Bance:** What you are saying, then, is that there should be regulation on employment status such that you have a level playing field. Would that be something you think the Government should take forward?



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Daniel Křetínský: Absolutely so. What I believe is that there should be regulation in the UK that imposes an employment model on our competitors. That does exist in other countries—and by the way, it exists in their countries of origin. The UK is one of the few countries that is not protecting the postal service, which combines the two products. This is a major issue. I can tell you that this is something that would have a major positive impact on the long-term sustainability of Royal Mail and on the working conditions of our people.

Q90 **Nick Smith:** Posties have tough jobs. They risk falls and carry heavy loads. The facts are that their sickness rates are two to two and a half times the national average. What is your explanation for that?

Daniel Křetínský: I will start with a personal comment. I do not come from a privileged family—intellectually yes, but not economically. I spent quite a few summers doing very manual jobs. I really know what it means to work hard, and I can tell you that I know how hard the work of our posties and other people in the operation is. I can guarantee that their terms and conditions are absolutely at the heart of our attention. The sickness rate is a massive problem. It causes massive disruption to the operation. I have to say, jointly with the CWU, that we really want to bring this down.

Chair: Time is really against us, so I am going to bring in Sarah Edwards.

Q91 **Sarah Edwards:** In the interests of brevity, Ofcom fined Royal Mail £21 million in October 2025—six months ago now—and asked you to urgently create an improvement plan. Where is it? Can we see it? When is it being published?

Alistair Cochrane: We have an improvement plan, and I am ready to publish it. I am waiting till I conclude the negotiations with the CWU. Once they are concluded, I will publish the plan.

Sarah Edwards: When do you think that will be?

Alistair Cochrane: We have a date to conclude by Monday 30 March. I hope that we will be in a position to publish it thereafter.

Q92 **Justin Madders:** Mr Křetínský, have any of the senior executives been paid bonuses since you took over?

Daniel Křetínský: The answer is no. Sorry, mechanically, the senior officers were paid bonuses, approved by the previous board, before the transaction. There have been no bonuses approved by the new owner, and strictly no bonuses for the transaction.

Chair: That takes us to time. Thank you very much indeed for giving evidence to us in such a full and candid way today. We have absolutely no ambition to derail the negotiations with the CWU, which sound like they are at an important stage. What is critical now is that agreement is secured and the next steps in USO reform are agreed so that the nation can get its service back.



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Mr Křetínský, what concerns me most is that you were unable to give Parliament that categorical assurance this afternoon that you will get this service back on its feet. You were able to say that you could get there, but with some conditions. Perhaps at the appropriate moment in the next couple of weeks, you could set out for the Committee exactly what those conditions are. You have set out some pretty big ambitions to reduce the number of letters that are late today. We welcome that, but we still think it is too high. We would like to see the pathway to unlocking better service and dealing with the retention crisis we have heard about this afternoon. We would like to see strong measures to socialise the agreement within the business so that it is well understood. We would like a further exchange on the prioritisation of parcels.

This session has been very helpful. Thank you very much indeed for your evidence. That concludes this session.