

Royal Mail: What a Decade of Decline After Privatisation Really Shows Us

Adam Tugwell | 11 October 2026



When I first wrote about Royal Mail privatisation back in **2013** and **2014**, I wasn't trying to be prophetic. I wasn't waving a flag or trying to score political points. I was simply describing what I'd seen in my own working life: that some services only work because they're treated as *services that should always be accessible for everyone*, not as markets. And that once you start pulling at the threads that hold them together, the whole thing begins to unravel.

Those early pieces were written at the moment the Government was pushing ahead with privatisation. I remember thinking then - and writing openly - that the people making these decisions didn't understand the mechanics of the thing they were dismantling. They didn't understand how universal access works. They didn't understand cross-subsidy. They didn't understand what happens when you take a service built on obligation and drop it into a world built on profit.

A decade later, Royal Mail has become the perfect example of what happens when you ignore all of that.

The moment you replace obligation with profit, the service changes

A universal postal service is one of the simplest ideas we have: *everyone gets a delivery, wherever they live.*

It's not complicated. It's not ideological. It's not even particularly political. It's just a basic commitment to treat everyone equally.

But once Royal Mail was privatised, that commitment became something else. It became a cost. A burden. A legacy obligation that had to be managed rather than honoured. And when you start looking at a hilltop village or a remote farm through the lens of profitability, they stop being communities and start being problems.

This isn't about blaming Royal Mail's leadership or its workforce. It's about recognising that with privatisation, the logic changed - and once it changed, everything else followed.

Competition didn't modernise Royal Mail - it carved it up

With privatisation came the 'promise of competition'. Competition was sold as a way to "open up the market" and "drive innovation". But competition only ever appeared where profit existed: bulk mail, parcels, urban logistics. It never appeared in the places universalism actually lives: rural routes, remote communities, low-volume areas.

So what happened?

Private operators took the profitable parts. Royal Mail was left with the expensive ones, or supporting other companies that were taking a cut.

That's not a failure of the market. That's the market doing exactly what markets do.

The failure was political - applying competition to a sector where competition cannot function without destroying universality.

Royal Mail didn't fall because of one thing - it fell because of three kinds of capture

This is the part people rarely talk about, but it's central to the story.

Royal Mail didn't just suffer from privatisation. It suffered from **three different forms of capture**, each pulling it away from its purpose.

Corporate capture

Once privatised, Royal Mail's priorities shifted. Not because anyone was malicious, but because that's what happens when shareholders enter the room. The universal service obligation became something to minimise, not something to uphold.

Union capture

Before privatisation, Royal Mail had the opposite problem: union leverage that made modernisation difficult, protected inefficiencies, and often put internal priorities ahead of public need. Again, not malicious - just another form of self-interest shaping a service that was supposed to serve everyone.

Centralised political capture

And then there was the political layer: competition policy that hollowed out the profitable core, privatisation that removed public purpose, regulation that slowly retreated from protecting universality.

Each form of capture distorted the organisation in a different way. Royal Mail had all three pulling at it, one after another.

That's why the decline feels so deep. It wasn't caused by one decision - it was caused by a sequence of decisions that all pointed in the same direction.

Regulators didn't protect the service - they managed its decline

Ofcom didn't set out to weaken Royal Mail. But once the organisation was privatised and competition was introduced, the regulator's job changed.

Instead of protecting universal access, Ofcom became responsible for keeping the privatised operator afloat. That meant relaxing standards, reducing delivery days, tolerating higher prices, and approving structural shrinkage.

Regulation became decline management.

This is exactly what happens when you try to regulate a universal service as if it were a competitive market.

The hollowing-out wasn't an accident - it was the destination

The redundancies, the rising stamp prices, the slower deliveries - none of this is accidental. It's the logical end point of a sector redesigned around competition, shareholder value, and centralised political decisions.

Royal Mail didn't "fail". It was reshaped.

And what it has become - a parcel company with a legacy obligation - is exactly what the policy framework was always going to produce.

This is why I've been writing about these issues for so long

Over the years, I've written about local governance, contribution culture, basic living standards, and people-first thinking.

Those pieces weren't about Royal Mail specifically, but they were about the same underlying problem:

Essential services fail when they're designed around power, profit, or central control rather than people, place, and purpose.

Royal Mail is the proof. It's the example that shows:

- why centralisation erodes identity
- why privatisation erodes universality
- why union capture erodes accountability
- why competition erodes economic viability
- why regulators cannot protect universalism in a market framework

It's not about mail. It's about how we organise essential services - and what happens when we get it wrong.

What we should take from the Royal Mail example

Three things stand out:

- Universal access cannot survive under market logic
- Essential services cannot be treated as markets
- Capture - corporate, union, or political - always distorts purpose

These aren't abstract ideas. They're lived consequences. And they're playing out exactly as expected.

Royal Mail isn't the Only Warning - It's Just the One We Can't Ignore

And the thing is, Royal Mail isn't some strange outlier. It's not a one-off collapse or a freak accident of bad management. It's part of a pattern that's been unfolding across every essential service we rely on.

If you look at water, energy, transport - even the basic infrastructure that keeps daily life ticking over - you'll see the same hollowing-out happening in different ways and at different speeds.

Water companies that treat rivers and coastlines like drains because investment eats into dividends. Energy networks that talk about resilience while whole regions face outages. Transport systems that cost more every year but deliver less, leaving communities cut off and commuters exhausted.

Different sectors, same story.

Once the goalposts were moved through privatisation, the markets became the master. And once money became the priority, people inevitably became the cost.

A service can prioritise **people** or **money** - never both. And the moment we pretended it could do both, we set ourselves up for exactly what we're living through now: rising bills, falling standards, shrinking access, and a growing sense that the basics of daily life are becoming harder, not easier.

Some people look at all this and say, "Well, renationalise it then." And on the surface, that sounds like the obvious fix. But nationalisation on its own doesn't solve the problem, because it keeps the centralisation that caused half the issues in the first place. It puts everything back under political control - distant, slow, often out of touch - and it opens the door straight back to union capture, where the threat of strikes becomes a permanent bargaining chip.

You end up with a service that's still vulnerable, still distorted, still not centred on the people it's supposed to serve.

And the unions aren't wrong when they say management is out of touch. How could it not be? When decisions are made hundreds of miles away by people who never experience the consequences, of course they're out of touch.

That argument disappears when stewardship sits with the people who rely on the service every day.

When communities - everyone in them - are responsible for the essential services they depend on, the dynamic changes completely. There's no distant management. No corporate boardroom. No union hierarchy negotiating with people who don't live there. Just local responsibility, local accountability, and local understanding.

Royal Mail shows us what happens when essential services are designed around profit, power, and distance. Water shows us what happens when environmental responsibility becomes secondary to shareholder returns. Energy shows us what happens when resilience is treated as a cost rather than a duty. Transport shows us what happens when access is treated as a commodity rather than a lifeline.

Different sectors, same lesson.

This isn't just a story about mail. It's a story about how we treat the things that hold our lives together. And it's a story about what happens when we forget who those services are supposed to be for.

Further Reading

If the Royal Mail story resonates with you - not just as a postal issue, but as a sign of how essential services can be reshaped in ways that quietly undermine the people they're supposed to serve when they are privatised and controlled by the markets - you may find the following pieces helpful.

They track this pattern over time, across different sectors, and from different angles. Some were written more than a decade ago, long before the consequences became visible. Others explore the deeper dynamics that sit behind the hollowing-out we're now seeing everywhere from mail to water to energy.

Together, they form a kind of timeline: **how we got here, what we missed, and what these examples reveal when you look at them closely.**

1. Royal Mail Privatisation: It's Called Privatisation for a Good Reason

(2014) <https://adamtugwell.blog/2014/11/19/royal-mail-privatisation-its-called-privatisation-for-a-good-reason-and-politicians-need-to-wake-up-and-realise-that-privately-owned-business-will-never-have-the-general-public-as-its-point-of/>

A clear, early warning about what happens when a universal service is handed over to private ownership.

This piece explains why privately owned organisations inevitably prioritise shareholders over the public, and why the universal service obligation becomes a burden rather than a mission once profit enters the equation.

It's striking now because everything it warned about has since played out.

2. Royal Mail Privatisation: The Coalition Might Be Wise to Reconsider Reinventing the Wheel

(2013) <https://adamtugwell.blog/2013/07/10/royal-mail-privatisation-the-coalition-might-be-wise-to-reconsider-reinventing-the-wheel-before-they-help-all-those-on-our-universal-postal-service-to-fall-off/>

Written even earlier, this piece lays out the basic mechanics of universal access - cross-subsidy, obligation, and the simple truth that some routes will always cost more than they earn.

It explains why competition in essential services doesn't create efficiency; it creates fragmentation.

3. The Local Economy & Governance System

(2025) <https://adamtugwell.blog/2025/11/21/the-local-economy-governance-system-online-text/>

This work steps back from Royal Mail and looks at the wider question of how everything essential to us all should be governed.

It explains why centralisation creates distance, why nationalisation alone doesn't fix the problem, and why local stewardship - with proper guardrails - is the only way to keep essential services aligned with the people they serve.

4. The Contribution Culture

(2025) <https://adamtugwell.blog/2025/12/30/the-contribution-culture-transforming-work-business-and-governance-for-our-local-future-with-legs/>

A deeper look at how work, responsibility, and service can be organised around contribution rather than extraction.

This piece helps explain why union capture and corporate capture both distort essential services - and why neither model can deliver universality or accountability on their own.

5. The Basic Living Standard Explained

(2025) <https://adamtugwell.blog/2025/10/24/the-basic-living-standard-explained/>

This piece sets out the idea of a guaranteed baseline of essentials - not as a political slogan, but as a practical foundation for fairness and resilience.

It connects directly to the Royal Mail story by showing how universal access should work when it's designed around people rather than profit or centralised control.

6. Water We Can Trust

(2026) <https://adamtugwell.blog/2026/10/04/water-we-can-trust-full-text/>

A powerful parallel to the Royal Mail example. This essay shows how water - another essential service - has been hollowed out by the same mix of market logic, distant decision-making, and the prioritisation of money over people.

It's a case study in how environmental responsibility collapses when profit becomes the organising principle, and why communities end up paying the price.

Further Information

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