

Your response

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<p>Question 1: Do you agree that we have identified the correct aims, supporting principles and features of the USO? Do you consider that these should continue to be respected as far as possible when assessing potential changes to the USO?</p>	<p>The consultation document sets out the ‘key characteristics’ and the ‘products and services’ that are delivered under the USO by the ‘designated universal provider’. If this is what is meant in the question, then yes. These sections of the consultation document do not, however, seek to put the definition and affordability of the USO in the context of the changing market for letters and packages, despite mentioning these. Not doing so limits the type of response to market failure in letter delivery to rural areas, the main place where market efficiency does not operate in the same way as major urban ones.</p>
<p>Question 2: Do you agree with our assessment of the direction of change in postal needs of residential (including vulnerable) users and SMEs? Are there other factors relevant to their future demand which we have not considered?</p>	<p>Yes, the assessment, as far as it goes, is accurate and far-sighted. However, it is limited in scope because it takes as ‘given’ the current market philosophy applied to all delivery services. This, inevitably, leaves the provider of a USO service with a limited and unprofitable part of that market. Ofcom should take a step back from that current market philosophy and consider what amendments could be made by regulation in order that the USO service is subject to cross-subsidy by more profitable parts of the market.</p> <p>It could, and should, also have considered the impact on rural areas (where the risk of market failure is greatest) of the historic separation of Royal Mail and its delivery of the USO from the universal availability of a Post Office counters service. Taken together these could provide greater ‘economies of scope’ that could enable both to continue to serve rural communities.</p> <p>In particular, the USO should specify that Royal Mail will collect from all Post Offices Counters branches including ‘outreach’ ones in rural areas. It is incomprehensible to users of the service that this is not already the case.</p>

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<p>Question 3: Do you agree with our assessment of the bulk mail market? Are there other factors relevant to its future evolution which we have not considered?</p>	<p>We do not accept that any part of bulk mail services should be made available to commercial interests. This has simply allowed them to ‘cherry pick’ the most profitable parts thus reducing one potential contribution to the viability of an operator of the USO.</p>
<p>Question 4: Are there specific events/changes that could trigger a significant change in demand for large mail users, including public services?</p>	<p>N/A</p>
<p>Question 5: Do you agree with our proposed approach to estimating the financial burden of the USO?</p>	<p>It is somewhat disappointing that Ofcom chooses to try to manage the USP at arm’s length in order to come to detailed understanding of the cost of providing the currently specified USO. It would have been more helpful to look at possible regulatory alternatives that could have channelled more commercial income into the USP in order to underwrite both the network required for the USO and the service itself.</p> <p>See also our answers to Question 2</p>
<p>Question 6: Do you agree with our considerations regarding the unfairness of the financial burden of the USO?</p>	<p>See above</p>
<p>Question 7: Do you agree with our considerations regarding the impact of the financial burden of the USO?</p>	<p>Again, the degree to which the impact is understood is limited by the scope of the review. The long-term impact of a narrow, marginal cost, approach to the USO will be a gradual further diminution of the USO over time, or requirement for greater compensation from the public purse to the USP. Instead, the regulator should be looking at how regulation of the market can be changed to make the USO less of a burden on the USP.</p>

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<p>Question 8: Do you agree with our analysis of the different options available to change the USO and the impact of those changes on residential (including vulnerable) users, SMEs and bulk mail users? If not, please explain why and set out any option(s) which we have not considered.</p>	<p>As far as these go, we agree. As set out above we believe the scope of this review is insufficient given the underlying market forces and the part that regulation and the definition of the USO play in them.</p>
<p>Question 9: Which option(s) do you consider would be most appropriate to address the challenges we have identified, while also ensuring that users' needs are adequately met?</p>	<p>It is those in rural areas who are most reliant on effective operation of the USO for a reliable service that would not be provided by an even more market driven and laissez-faire postal service.</p> <p>It would not be unreasonable to limit the current pattern of deliveries to five working days, but this must be accompanied by an improvement in reliability and no assumption that the service will continue to deteriorate further in the future. Any change of this nature must apply to all areas as it is only in this way that sufficient savings will be made across the whole network to enable a continued quality service to be delivered to rural ones.</p>
<p>Question 10: Do you have any other views about how the USO should evolve to meet users' needs?</p>	<p>Much of the consultation seems to assume that electronic communication (email etc.) is not just an emerging norm but is also universally available. This is not the case. In rural areas there is a mix of an older demographic and only partial access to high quality internet. Some households cannot access electronic communications, some cannot afford to do so, and some are not equipped with the skills needed to use this as a means of replacing a timely, USO, postal service.</p> <p>The USO must serve the here and now, not anticipate a future communications age that is not yet with us.</p>

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