

9 APRIL 2025

OFCOM REVIEW OF THE UNIVERSAL POSTAL SERVICE

Introduction

Following extensive engagement with stakeholders and consumer research, the Office for Communications (OFCOM) is consulting on its proposed a package of reforms to the Universal Service Obligation (USO) on Royal Mail and corresponding changes to Royal Mail's obligation to provide access to its letter network.

Key messages

- Most local (parish and town) councils are based in rural (none-urban) areas so it is essential that those local councils, and the residents and businesses they serve, receive a solid, reliable service from Royal Mail. OFCOM should therefore continue to ensure that Royal Mail is subject to competition from private mail providers to ensure an optimal service and that users in remote rural locations are not marginalised.
- If OFCOM has itself identified potential vulnerabilities in some of its proposals for rural users, it must in our view continue to protect rural customers and ensure that baseline delivery standards are met by Royal Mail. However, and again given some of the caveats OFCOM marks against some of its own new proposals, vulnerable rural user groups in isolated areas must not be forgotten by Royal Mail.
- On a related note, we also want the government to provide an appropriate programme of continuing and realistic revenue support for the Sub Post Office network, including Post Office Local and Outreach. We also believe that it is vitally important to maintain the current universal service, whereby mail of a specific size can be sent to any location in the UK for a fixed price regardless of distance.

Consultation question responses

NALC's responses to the main consultation questions applicable to local (parish and town) councils in the consultation document are below:

- Question 2.1: Do you agree with the provisional conclusions set out in our Equality Impact Assessment? Please state your reasons and provide evidence to support your view.

Yes. In paragraph 2.62 of the review document OFCOM admits that some of its proposals may have an adverse impact on people who are more likely to be reliant on the postal service, including users in rural locations. Balancing the mammoth task of making Royal Mail financially sustainable with ensuring optimal delivery of mail and parcels to remote rural areas is difficult indeed. OFCOM should therefore continue to ensure that Royal Mail is subject to competition from private mail providers to ensure an optimal service and that users in remote rural locations are not marginalised.

- Question 3.1: Do you agree that we have identified the reasonable needs of post users? Please provide reasons and evidence for your views.

Yes. We concur that individuals and small and medium-sized enterprises (SMEs) will always need to use postal services to send and receive letters and they need a service that is reliable, affordable and frequent. We further agree that most users are reluctantly willing to accept slower delivery speeds for non-priority letters. If OFCOM has itself identified potential vulnerabilities in some of its proposals for rural users, it must in our view continue to protect rural customers and ensure that baseline delivery standards are met by Royal Mail.

- Question 3.2 Do you agree that the market is meeting the reasonable needs of post users? Please provide reasons and evidence for your views.

On balance, yes. We agree with OFCOM that taken as a whole the current market meets, and in the case of delivery frequency of non-priority letters caters for the reasonable needs of users when taken as a whole. However, and again given some of the caveats OFCOM marks against some of its own new proposals, vulnerable rural user groups in isolated areas must not be forgotten by Royal Mail.

Post users in Gloucestershire, for instance have identified issues with the frequency of collections from rural post boxes in the county. These post boxes are generally emptied by postal workers on their delivery rounds, but as deliveries often do not take place daily, it can be several days before post in some boxes is collected. In order for these delivery frequency targets to be met, it is important for postal collections to take place on a regular and timely basis.

- Question 5.1 Do you agree with our proposals and impact assessment on changes to the delivery frequency of Second Class letters so that those items would be delivered every other day from Monday to Friday, and would not have to be collected, processed or delivered on Saturdays? Please provide reasons and evidence in support of your views.

We accept the proposal to remove the requirement on Royal Mail to deliver Second Class letters six days per week and allow it to deliver such letters on

alternate weekdays (Monday to Friday). We think that this change reflects the fact that postal users no longer need two six-day-per-week services to meet their needs and know that this is intended to support the financial sustainability of the service.

- Question 6.1 Do you agree with our proposal to set the First Class national D+1 performance target to be 90%? Please provide reasons and evidence for your view.

Yes. We support the proposals to change the headline target for First Class mail from 93% to 90% delivered next-day, to better reflect people's preferences and support financial sustainability.

- Question 6.2 Do you agree with our proposal to set the First Class PCA D+1 performance target to be 3% lower than the national target (i.e. for the PCA target to be 87% to align with our proposed 90% national target)? Please provide reasons and evidence for your view.

Yes. We agree with the proposal to reset the related First Class postcode area target from 91.5% to 87% delivered next-day. Whilst we reluctantly accept this reduction from the current targets it must be clear that this reduction in target is not primarily directed towards the service received by rural and remote communities. It is important that these rural and remote areas are not further penalised.

- Question 6.3 Do you agree with our proposal to introduce a new First Class 'tail of mail' target of 99.5% at D+3? Please provide reasons and evidence for your view.

Yes. We agree with the proposal to introduce new 'tail of mail' targets to reflect the fact that postal users increasingly value reliability over speed of delivery (this is certainly the case given that most local councils are rural). The First Class mail target, 99.5% being delivered within three days of posting seems fair.

- Question 6.4 Do you agree with our proposal to set the Second Class D+3 performance target to be 95%? Please provide reasons and evidence for your view.

Yes. The Second Class mail target, 99.5% being delivered within five days of posting, does not seem unfair.

- Question 6.5 Do you agree with our proposal to introduce a new Second Class 'tail of mail' target of 99.5% at D+5? Please provide reasons and evidence for your view.

Yes. We agree with the proposal to introduce new 'tail of mail' targets to reflect the fact that postal users increasingly value reliability over speed of delivery (this is certainly the case given that most local councils are rural). The Second Class mail target, 99.5% being delivered within five days of posting, does not seem unfair.

- Question 7.1 Do you agree with our proposal to regulate D+3 access services, subject to a margin squeeze control and the other protections outlined above? Please provide reasons and evidence for your views.

Yes. We agree with OFCOM's plan to regulate D+3 access services, for delivery on alternate weekdays.

- Question 7.2 Do you agree with our proposal to change the specification of D+5 access services to remove Saturday as a delivery day? Please provide reasons and evidence for your views.

Yes. Removing Saturday delivery from D+5 access should also contribute to confer benefits on large users of mail by continuing to support the use of bulk mail services going forward, expanding consumer choice and maintaining regulatory protections.

- Question 7.3 Do you agree with our proposals to maintain a margin squeeze control on D+2 access services, where the relevant retail services are Royal Mail's First Class retail bulk services? Please provide reasons and evidence for your views.

Yes. We agree that the continued regulation of D+2 access would support effective competition in the bulk mail market and provide less disruption for customers.

- Question 7.4 Do you agree with our proposals for pricing transparency and amending how access services are defined? Please provide reasons and evidence for your views.

Yes. We think that an oversight of quality of service in access will be gained through mandating regular Royal Mail reporting. A competitive market should produce better outcomes for consumers, including lower prices, increased innovation and service development.

We also believe that it is vitally important to maintain the current universal service, whereby mail of a specific size can be sent to any location in the UK for a fixed price regardless of distance.

[X]

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