

3rd September 2015

CWU Submission to Ofcom on an exception to Royal Mail's universal service obligation – no requirement for deliveries and collections when 26 December falls on a Saturday

Introduction

1. The Communication Workers Union (CWU) represents nearly 194,000 employees in the postal, telecoms, financial services and related industries. We are the recognised union in Royal Mail Group for all non management grades including those responsible for the collection, sortation and delivery of letters and parcels.
2. The CWU welcomes the opportunity to respond to Ofcom's proposal to permanently designate 26 December as an exception to the universal service when it falls on a Saturday. As noted in Ofcom's consultation document, the CWU has indicated its support for this proposal in preliminary discussions with Royal Mail.
3. The CWU has always strongly advocated that when the Boxing Day bank holiday falls on a Saturday, that day should be designated as a no-service day. We also believe this approach should be extended to all official bank holidays being moved to a Monday as a consequence of a named bank holiday falling on a Saturday.

Background

4. As the designated universal service provider (DUSP), Royal Mail must collect and deliver mail every Monday to Saturday, excluding public holidays. The 26 December is usually a public holiday but, if it falls on a Saturday, the public holiday moves to the following Monday and Saturday 26 December is treated as an ordinary Saturday when Royal Mail would be required to collect and deliver mail.
5. Royal Mail has requested a direction under the relevant regulatory condition – DUSP condition 1.3.2(a) - for 26 December to be permanently designated as an exception to the universal service when it falls on a Saturday.
6. Ofcom proposes to issue a Direction to allow Royal Mail an exception from performing its universal service obligations when 26 December falls on a Saturday, on the basis that it

should be treated as a public holiday. Ofcom proposes that this exception will apply on Saturday 26 December 2015 and that it shall be effective until further notice.¹

CWU response to the consultation question: *Do you agree that there should be an exception to the universal service (i.e. no deliveries or collections) on 26 December when this date falls on a Saturday, beginning with 26 December 2015? Please explain your answer.*

7. The CWU agrees with the proposal that 26 December should be permanently designated an exception to the universal service when it falls on a Saturday. The reduction in mail volumes in the period immediately after Christmas Day means that providing a postal service on Boxing Day is not cost effective and places unnecessary pressure on employees. Furthermore, the drop in demand for postal services at this time means the impact on postal users will be low. We believe the proposal will benefit employees and the company, and that it will not adversely affect citizens, consumers or businesses.

Impact on Royal Mail and employees

8. We believe the proposal will benefit Royal Mail by reducing unnecessary costs associated with maintaining a full network during a period of relatively low demand for postal services. It will benefit employees by allowing them an uninterrupted break over the Christmas holiday after the busy December mailing period.

9. As noted in Royal Mail's evidence, there is a sharp decline in mail volumes in the period immediately after Christmas and lower than normal traffic volumes predicted on the Saturday. However, providing a universal delivery service on Saturday 26 December would require a full national network and processing operation. This means that despite very low volumes of letters and parcels being posted on Christmas Day, employees would still be required to collect items from all pillar boxes the following day and deliver to more than 29 million addresses across the country.

10. As Ofcom notes, the last time 26 December fell on a Saturday was in 2009. The CWU made a submission to Postcomm at that time, supporting the proposal to grant Royal Mail an exception to the universal service. Postcomm subsequently granted the exception for that occasion, stating as part of its assessment that the decision would allow Royal Mail employees to take a four day break during the holidays after the intense period leading up to Christmas. The CWU believes this is an important consideration, both in the interests of employees and the company, given the positive effect that a reasonable break from work can have on staff morale and productivity.

11. Royal Mail employees understandably expect to be able to spend Christmas with their families, but designating Boxing Day as a service day makes this impossible for many of them. If a normal postal service were to be provided on the Saturday the holiday period would be interrupted and many employees would have to be away from their families on Boxing Day, and on Christmas Day evening for those scheduled for the night shift.

¹ An exception to Royal Mail's universal service obligation, Ofcom, 30 July 2015
<http://stakeholders.ofcom.org.uk/binaries/consultations/royal-mail-uso/summary/boxing-day-uso.pdf>

Impact on postal users

12. We believe that the impact of no deliveries and collections on Saturday 26 December on citizens, consumers and businesses will be minimal. In addition to a significant drop in mail volumes, most Post Office branches will be closed and we agree with Royal Mail that consumers do not expect mail deliveries on Boxing Day. It is also the case that many businesses are closed on a Saturday and Saturday business collections represent a small proportion of business collections.

Extending the proposal to other official bank holidays

13. The CWU has long been an advocate of treating any Saturdays falling on or directly after Boxing Day as no-service days. We believe this approach should be extended to all official bank holidays falling on a Monday as a consequence of the named bank holiday falling on a Saturday. In such cases, we believe the bank holiday should also be observed as a no-service day.
14. There are only four examples of named bank holidays which can fall on a Saturday and result in the following Monday becoming an official bank holiday. Only two of these – Boxing Day and New Year's Day – apply to the whole of the UK. The others are 2nd January in Scotland and the Battle of the Boyne in Northern Ireland. Given that mail volumes are also likely to be low on these days, we believe that they should also be designated an exception to the universal service when they fall on a Saturday.
15. In conclusion, we believe Royal Mail's request is a reasonable response to the circumstances arising on occasions when 26 December falls on a Saturday. We therefore welcome and support Ofcom's proposal, which will enable staff to enjoy a well deserved rest on a day with exceptionally low mail volumes and when most businesses remain closed. Few people will be expecting a mail service on Boxing Day and the cost of providing one - both financial and in terms of staff morale - would be disproportionate to any possible benefits.

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