

Your response

Question	Your response
<p>Question 2.1: Do you agree with Ofcom’s proposed regulatory approach for regulating postal services over the next 5-year period (2022-2027)? If not, please explain the changes you think should be made, with supporting evidence.</p>	<p>Confidential? – N</p> <p>We are content with the broad approach as outlined in the review document.</p> <p>However, as widely recognised, markets are inherently less sustainable and there is typically less competition in rural (than in urban) areas, due to their geography of smaller and more scattered settlements. There therefore needs to be strong emphasis placed upon consumer protection, to ensure rural residents and businesses do not lose out. In short, regulation and targeted interventions play a key role ensuring that rural consumers get a fair deal and are not subject to market failures.</p>
<p>Question 3.1: Do you agree with our proposed approach to sustainability of the universal service? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>We recognise that the postal market has been changing rapidly – with letter volumes decreasing and parcel volumes increasing – and this trend has been accelerated further by the pandemic. We therefore accept that Royal Mail needs commercial flexibility to innovate and capitalise on market opportunities.</p> <p>However, it is essential this does not permit or lead to a deteriorating letters service. We return to this point under question 5.1 below about the USO. Ofcom should monitor Royal Mail services to ensure that flexibility does not result in a two-tiered approach, with new services that are simply urban-centred.</p> <p>We do not disagree that Ofcom should, as proposed, carefully monitor the financial performance and efficiency of Royal Mail. It should, though, be made clear this is solely for the purpose of supporting its financial performance to ensure USO delivery: conversely, that it will <u>not</u> be used to trigger any watering down of the USO.</p>
<p>Question 4.1: Do you agree with our proposal to maintain the historic approach but with the</p>	<p>Confidential? – N</p>

<p>additional requirement on Royal Mail to set and report against a five-year expectation? Please substantiate your response with reasons and evidence.</p>	<p>See comments made at question 3.1 above.</p>
<p>Question 4.2: Do you agree with our proposals in relation to the monitoring and publication of the efficiency expectations prepared by Royal Mail? Please substantiate your response with reasons and evidence. Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>No further comments.</p>
<p>Question 5.1: Do you agree with our proposed approach of maintaining the current regulatory safeguards of the safeguard cap, high quality of services standards, and requirements on access to universal services? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>We consider that retaining the USO in (at least) its current form is crucial. We support retention of all parts of the USO i.e. as currently specified in the minimum requirement, the Universal Postal Service Order and the DUSP conditions. Survey research by Citizens Advice has shown that postal services remain especially important for rural residents: 50% of those living in small rural settlements said that receiving daily letters and parcels was essential to their day-to-day life (compared with 31% in urban areas). This finding may reflect rural residents living further from services, frequently lacking public transport options and, in many cases, having poorer digital connectivity. Many rural businesses will depend on postal services for their operation and would be put at a serious competitive disadvantage if they received a reduced service.</p> <p>We also agree that the existing affordability or safeguard price caps should be retained, as proposed, until the 2024 review. Evidence from Citizens Advice is that 1 in 10 consumers find postal prices to be an issue. We do not accept the argument, advanced to Ofcom, that the price cap is unnecessary because the scope for consumers to switch from post to online (e-substitution) is sufficient to keep prices affordable. Not all transactions can be carried out online and not all residents have internet access (for reasons of cost or IT skills or connectivity). In any case, the price cap offers a valued guarantee.</p>

<p>Question 5.2: Do you agree with our proposal to not impose further regulatory requirements on Royal Mail in relation to Redirection pricing, following implementation of its improved Concession Redirection scheme? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>The provision of the universally available redirection service, accessible to all groups and in all geographic areas, is important and supported. Ofcom could usefully monitor take-up of the improved Concession Redirection scheme to check it is now affordable for financially vulnerable consumers.</p>
<p>Question 5.3: Do you have any further evidence on other issues raised in this section?</p>	<p>Confidential? – N</p> <p>No further comments.</p>
<p>Question 6.1: Do you agree with our assessment of the parcels market, namely that it is generally working well for consumers, but improvements are needed in relation to complaints handling and meeting disabled consumers' needs? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>We have limited information on which to assess the parcels market. However, we note that consumers rarely have a choice of parcel delivery company when making online purchases: it is not a market in that sense. Further, that research in 2021 for Citizens Advice found a fair degree of frustration about parcel delivery services among rural consumers i.e. parcels arriving late, not arriving at all and being left in unsecure locations. There is clearly scope for improvement.</p> <p>Aside from post offices, there are relatively few pick-up and drop-off points (PUDOs) in rural areas. Geographic gaps in the provision of PUDOs (aside from post offices), point to a market failure in many rural areas. This can be a significant inconvenience, where rural consumers need to travel some distance to retrieve or return parcels. We are disappointed that Ofcom is not proposing any action. At the very least, Ofcom should state its expectation that parcel operators will address gaps in their PUDO networks to make it easier for rural consumers, by finding new PUDO outlets or offering alternative options.</p> <p>We consider that consumers in rural or remote areas should never be subject to paying surcharges for parcel delivery. This is a penalty on where they live or do business. Although the practice largely applies in Scotland and Northern Ireland (we are an England body) it sets an unfair precedent. We are therefore</p>

	<p>disappointed Ofcom does not propose a new regulation about geographic variations in parcel prices. We ask Ofcom to reconsider its position.</p>
<p>Question 6.2: Do you agree with our assessment of the consumer issues in relation to complaints handling and our proposed guidance? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>We are pleased that Ofcom is proposing new guidance about complaints handling to parcel operators, alongside enhanced monitoring of operators’ performance.</p>
<p>Question 6.3: Do you agree with our assessment of the issues faced by disabled consumers in relation to parcel services and our proposed new condition to better meet disabled consumers’ needs? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>The proposal for disabled consumers sounds useful, but we do not hold evidence to comment further.</p>
<p>Question 7.1: Do you agree with our proposal not to include tracking facilities within First and Second Class USO services? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>We do not have evidence. However, an observation is that explicitly forbidding Royal Mail from introducing tracking facilities for these services appears a little perverse, given Ofcom’s conclusions elsewhere about the competitive nature of today’s parcels market and its preference not to intervene in that market more than is necessary.</p>
<p>Question 7.2 Do you have any further evidence or views on other issues relating to USO parcels regulation? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>No further comments.</p>
<p>Question 8.1: Do you agree with our proposals on the scope of access regulation? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>We have no comments on access to the bulk mail market (primarily used for circulating advertisement and promotional material).</p>
<p>Question 8.2: Do you agree with our proposals on access price regulation? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p> <p>See comments at question 8.1 above.</p>
<p>Question 8.3: Do you agree with our approach and proposals for the non-price terms of</p>	<p>Confidential? – N</p> <p>See comments at question 8.1 above.</p>

access regulation? Please substantiate your response with reasons and evidence.

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