

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>techUK is the trade association which brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve. With over 800 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet.</p> <p>techUK’s Postal Services Group comprises the key industry stakeholders and has a programme of engagement with the market to collate and articulate the concerns and visions of the postal technologies sector.</p> <p>This response is submitted on behalf of our Postal Services Group which represents meter manufacturers. For clarity, reference to “techUK” or “techUK’s members” below refer to those members who are within our Postal Services Group.</p> <p>techUK broadly supports the overall approach that Ofcom is proposing with regard to the regulation of postal services across 2022-27. We are particularly supportive of the maintenance of the universal service obligation.</p> <p>However, we believe that with the rising cost of inflation and uncertain economic outlook, that Ofcom should re-evaluate the scope of the USO with regard to tracked products as outlined below.</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>N/A</p>
<p>Question 4.1: Do you agree with our proposal to maintain the historic approach but with the additional requirement on Royal Mail to set and report against a five-year expectation? Please</p>	<p>Confidential? – N</p> <p>N/A</p>

<p>substantiate your response with reasons and evidence.</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>We caution Ofcom against an overreliance on shareholder incentives to drive efficiencies in Royal Mail and believe that there should be increase oversight of this programme.</p> <p>Additionally, we believe that there would be significant benefits to increasing the level of public understanding and scrutiny of Royal Mail’s efficiency expectations and its progress against them over the next 5-years.</p> <p>In the short term it would appear that letter volumes will continue to decline as e-substitution continues to develop; both by consumers and SMEs. Only by shining more of a public light on the efficacy of Royal Mail’s programme will the public understand the demands of maintaining the USO in the long term.</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>techUK strongly supports Ofcom’s proposed approach of maintaining the current scope of the universal service obligation and of the safeguard cap.</p> <p>In particular, we believe that the current proposals to retain meter mail within the universal service will be welcomed by SMEs right across the UK; faced as they are by rising costs in other aspects of their business.</p> <p>As Ofcom’s own RUN research demonstrated, of those SME’s making use of metering “85% considered this method of sending mail to be ‘important’ or ‘very important’ to their business”. This aligns with general research into SMEs usage and importance of postal services with the “importance rating for services being regarded as ‘low cost’ has increased from 58% to 70%” (https://www.ofcom.org.uk/_data/assets/pdf_file/0022/208219/2019-20-annual-monitoring-update-postal-market.pdf)</p> <p>We urge Ofcom to maintain its current stance with regard to meter mail’s inclusion in the USO.</p>
<p>Question 5.2: Do you agree with our proposal to not impose further regulatory</p>	<p>Confidential? – N</p> <p>N/A</p>

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.

Question 5.3: Do you have any further evidence on other issues raised in this section?

Confidential? – N

techUK believe Ofcom should support Royal Mail's request to allow registered and insured services to be offered as separate universal service offering to create a 'level playing field' with other parcel operators offerings.

Currently, those accessing the fully tracked next day guaranteed service within the universal service have no option other than to accept the £500 minimum insurance.

When comparing the insurance to alternative carriers who offer next day services, it is clear that Royal Mail's offering risks becoming less competitive. If Royal Mail cannot compete on a level playing field in the parcel market with a suite of competitive tracked parcel products longer term, maintaining the universal service will become increasingly difficult as transport and inflation costs in the UK reach record levels not seen in the last 30-years.

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

Confidential? – N

N/A

<p>your response with reasons and evidence.</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>N/A</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>N/A</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>techUK disagrees with Ofcom’s proposal not to include tracking services within the available USO services.</p> <p>We note Ofcom’s reference to qualitative insights from the C2X research that found a perceived preference for Signed For over tracked services. We would argue strongly against this point, particularly given the suspension of requesting a signature from customers during COVID-19.</p> <p>We believe that the rise in importance of tracking in the parcel market as noted in the C2X quantitative attitudinal research validates the arguments of set out by the Post Office in its own response that excluding tracking from the USO for the current review period risks “fossilising” the universal service when it needs to remain relevant.</p> <p>Many of our Postal Services membership provides a broad spectrum of services to SMEs and in their experience, they generally prefer being able to access these services from a single source in order to drive cost savings.</p> <p>The current decision to maintain the current scope of access regulation and not extend it to include tracked products (First or Second Class) for</p>

	<p>letters, small and medium parcels within the scope of the universal service will therefore negatively impact SMEs.</p> <p>We strongly recommend that Ofcom reconsiders its approach to ensure the long-term attractiveness of the USO and SMEs.</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>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>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>Question 8.3: Do you agree with our approach and proposals for the non-price terms of access regulation? Please substantiate your response with reasons and evidence.</p>	<p>Confidential? – N</p>