

Hannah Blythyn AS/MS
Y Dirprwy Weinidog Partneriaeth Gymdeithasol
Deputy Minister for Social Partnership



Llywodraeth Cymru
Welsh Government

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Postal Review
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

postalreview@ofcom.org.uk

cc. eleanor.marks@ofcom.org.uk

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Response to Ofcom's Review of Postal Services Regulation Consultation

Wales is a semi-rural country with challenging geography and, as such, the continuation of the universal postal service is essential for our people, businesses communities. Without this, many communities would find it more difficult and certainly more expensive to receive deliveries of the goods and services they need.

I have spoken with both the Royal Mail and the Communication Workers Union about this matter and I agree with both organisations that the key to the long term sustainability of the universal service lies in the modernisation of Royal Mail's business. I would add that this modernisation should be about improving and adapting rather than scaling back services.

Question Responses

Question	Response
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.	The Welsh Government believes that it is reasonable for the proposed changes to remain in place for the next five years. We recognise that a lot can happen in a five year period; the recent pandemic has shown us just how much can change during a relatively short time. However, we

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

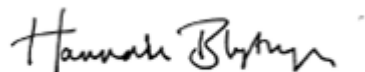
	<p>consider that the flexibility that is already built into the regulatory regime is sufficient to allow Royal Mail to modernise its processes and improve the sustainability of the universal service. This commercial flexibility is vital to ensure that Royal Mail as the universal service provider can respond to any future shocks.</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>We recognise that the performance of the universal service is dependent on the performance and sustainability of Royal Mail. We understand that Royal Mail is currently focused on adjusting its business model to respond to the continued decline in letter volumes and the significant increase in parcel volumes. The changes that Royal Mail is making are far reaching and we consider that there are some significant risks involved. We agree that an enhanced monitoring of Royal Mail is proportionate while these changes bed in.</p> <p>The Welsh Government notes that Royal Mail maintains it is working closely with the Communications Workers Union on the implementation of its efficiency improvements. We agree with Royal Mail (and the CWU) that this modernisation work is essential to the long term sustainability of its business and of the universal service and we expect the workforce, through its trade unions to be fully involved with this.</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 substantiate your response with reasons and evidence.</p>	<p>We recognise that Royal Mail has already taken steps to make significant productivity gains. The Welsh Government is aware that some of the modernisation has resulted in staff redundancies.</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>We agree with the CWU that any such future proposed changes must take into account the impact on the wellbeing of remaining staff and the workforce need to be consulted</p> <p>We also agree that Royal Mail should consider and publish their expectations for further efficiency gains for the next five years. We would want to see Ofcom allowing sufficient flexibility in the monitoring of these expectations to account for impacts on the business and on staff wellbeing over time.</p> <p>We would not want to see Royal Mail held to the delivery of targets that will have a negative impact on its workforce.</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>The Welsh Government would like to see the continued protection of a basic, affordable postal service which is available to all users, wherever their location, including those in rural areas. We agree with both Royal Mail and the CWU that this must be balanced by the need for the universal postal service to earn a reasonable rate of return.</p> <p>Access to postal services is especially important for our most vulnerable people and our most isolated communities. These people deserve good quality, affordable services to allow them to keep in touch and access the goods and services they need.</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>Citizens Advice have raised concerns about the affordability of mail redirection. CA research has demonstrated the value of this service to vulnerable consumers who would suffer greatly without access to their mail.</p> <p>We agree with Ofcom's proposals, noting that Royal Mail has undertaken to ensure that it has a range of products available and has already introduced concessions for low income customers.</p>
<p>Question 5.3: Do you have any further evidence on other issues raised in this section?</p>	<p>n/a</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>We all know that the shift to online shopping was hugely accelerated during the pandemic.</p> <p>In Wales our geography can be challenging and some rural areas rely on the Royal Mail and its obligations under the universal service to deliver to every address.</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>We welcome some of the new services Royal Mail are introducing, such as the parcel collection service, which we believe could improve further improve access in rural areas.</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>We are aware that consumers are seeking delivery services with enhanced features such as parcel tracking, evening and weekend deliveries, and estimated delivery times. We know, where tracking is in place, it improves the ability of both consumers and postal operators to pinpoint where problems occur. We are all using these services more and so have come to rely on them to work for us.</p>

	<p>It is inevitable that the increase in parcel volumes will lead to an increase in the overall volume of complaints. It therefore makes sense of Ofcom to monitor how operators respond to these complaints.</p> <p>We know that Citizens Advice and other consumer groups have evidence to show that some consumers' experience of the parcels market is poor with parcels left in unsuitable places or damaged by less than careful delivery drivers.</p> <p>We therefore welcome the proposals to introduce further guidance for parcel operators on customer service and complaint handling.</p> <p>In relation to disabled consumers, it is even more important that they are supported. It is concerning that, in general, this group suffers more in terms of their ability to accept deliveries given the speed at which these are often made, with scant time to reach the door before the delivery is missed.</p> <p>The Welsh Government welcomes both the proposed requirement for parcel operators to publish policies and procedures setting out how they will meet the needs of disabled customers and the intention to introduce a Consumer Protection Condition on Disabled Consumers.</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>The Welsh Government has considered the perspective of Royal Mail, the CWU and Citizens Advice on this issue.</p> <p>We recognise that Ofcom would like to see more competition in this market, with Royal Mail delivering the vast majority of this type of mail which includes small parcels.</p> <p>As we have previously stated we know that consumers are keen on tracking services, as they provide much more information on when a delivery will arrive.</p> <p>We also recognise that Royal Mail's competitors consider this would discourage competition as universal service products are exempt from VAT and the deregulated market already offers affordable tracked products.</p> <p>On balance we would support the introduction of tracking options on these deliveries, as long as the costs are affordable. We believe that this market</p>

	helps to sustain the universal service and offer tracking supports the needs of consumers.
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.	n/a
Question 8.1: Do you agree with our proposals on the scope of access regulation? Please substantiate your response with reasons and evidence.	The Welsh Government agrees with the proposals to retain the current access regime for bulk mail. We recognise that, as Royal Mail has the only end to end letter delivery services operating in the UK, this is necessary. However, we can also see that as letter volumes continue to decline, this type of mail will make up a larger part of letter deliveries. Ofcom should ensure that Royal Mail continues to have the freedom to determine the price of access in partnership with its bulk mail customers to prevent these deliveries having a detrimental effect on the universal service.
Question 8.2: Do you agree with our proposals on access price regulation? Please substantiate your response with reasons and evidence.	
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.	

Yours sincerely,



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