

## Consultation response form

Please complete this form in full and return to [postal.regulation@ofcom.org.uk](mailto:postal.regulation@ofcom.org.uk)

<b>Consultation title</b>	Consultation: Modifications of the USP Access Condition for regulating access to Royal Mail's postal network
<b>Full name</b>	Christopher Sutton
<b>Contact phone number</b>	[X]
<b>Representing (delete as appropriate)</b>	Organisation
<b>Organisation name</b>	Opus Trust Group (Critiqom)
<b>Email address</b>	[X]

## Confidentiality

We ask for your contact details along with your response so that we can engage with you on this consultation. For further information about how Ofcom handles your personal information and your corresponding rights, see [Ofcom's General Privacy Statement](#).


<b>Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential? Delete as appropriate.</b>	Nothing
<b>Your response: Please indicate how much of your response you want to keep confidential. Delete as appropriate.</b>	None
<b>For confidential responses, can Ofcom publish a reference to the contents of your response?</b>	Yes

## Your response

<b>Question</b>	<b>Your response</b>
<b>Question 1: Do you agree with our proposal to extend the USPA condition to the new D+5 Letters access services?</b>	Confidential? – N  Yes, we agree with the proposal. However, we have concerns that the introduction of an economy service will damage, in various ways, standard Access in the long term.

	<p>We welcome the initiative by Royal Mail to introduce some attempt at improving efficiency. It is long overdue. It is likely to have some appeal to Advertising mailers, but the day certain delivery requirements of transactional mailers make it less attractive to them. The trade-off between the relatively small discount for a significant delay to delivery would see that Royal Mail get all the benefits at the expense of posters.</p>
<p><b>Question 2: Do you agree with our proposal to include Royal Mail’s new retail economy Mailmark Letter services and their access equivalent services in the margin squeeze control?</b></p>	<p>Confidential? – N</p> <p>Yes, we agree with the proposal. However, we would also want to see additional price protections introduced to ensure the price differential between Standard and Economy Access is maintained. There is plenty of evidence that Royal Mail have, in the past, used their price levers to deter posters and encourage movement to a more beneficial product for them. The differential between OCR and Mailmark, the pricing of Access 700 are just two examples that come to mind. The low discount that Royal Mail have proposed for the Economy service suggests to us that they will seek to increase this discount in the medium terms to discourage posters away from their standard Access service. Therefore, penalising those posters that need the certainty of day definite delivery that they require today. The migration of significant volume to Economy Access will also enable Royal Mail to claim the costs of delivering Standard Access need to be covered by a lower volume of letters. We fear further large price increases to Access which Royal Mail, as a pseudo-monopoly, have regularly imposed.</p> <p>We would want to see some regulatory control over the price relationship between the two Access delivery spans.</p>
<p><b>Question 3: Do you agree that, if adopted, the proposed changes to the USPA condition should become effective from the date of Ofcom’s statement? For example, do you foresee any practical issues, or otherwise, with making the changes effective on the date of Ofcom’s statement?</b></p>	<p>Confidential? – N</p> <p>No, we do not agree. We feel it would be more prudent to date the approval to the start of the new financial year in 2021. This avoids the cost and inconvenience of applying what would, in effect, be a third price change in as many months if the effective date</p>

	<p>were set to a date after 1 January 2021 before the end of the 20/21 tax year.</p>
<p><b>Question 4: Do you have any other comments on our proposals as set out above or our proposed amendments to our legal instrument (USPA condition)? Please provide your reasons.</b></p>	<p>Confidential? – N</p> <p>Posters will only be attracted to use this service and enable Royal Mail to deliver their long-awaited efficiencies if they can make the commercial case for giving up on next day delivery for a reasonable saving in cost. Royal Mail have been reluctant to give undertaking as to the delivery performance of the new service other than publishing delivery ambitions calculated on a much larger historical mail bag. They indicate 45% would still be delivered on D2, therefore a posters commercial decision would be compromised if a significantly smaller percentage were delivered on D2 with the larger proportion on D5. (On the 9/12/2020 they updated this projection to 65% on D2 based on a reduced volume mailbag). Again, we would want to see some regulatory control which require royal Mail to at least publish delivery performance for each day and some recourse for posters where these delivery standards are failed.</p> <p>The current poor delivery performance of standard Access at just 84% suggests Royal Mail are unable to deliver against their existing obligations.</p> <p>Royal Mail have on 9/12/20 issued a contract change notice setting a single measure for QoS and associated compensation payment changes. This would enable RM to claim service has been delivered even if all of the mail was always delivered on the last day which is clearly not the poster's expectations.</p> <p>Royal Mail should be required to both set a QoS target and for the D+5 services on a delivery day basis and compensation where this this service is missed at more appropriate levels than currently exist in the D+2 Access Letters contract.</p> <p>Royal Mail have decided (without any stakeholder consultation) that the service standard for Economy Access will be 97.5%, which they point out is 2.5% higher than the target for D+2 Access. However, it is still too low, given that Royal Mail will have 4 days over</p>



which to deliver the items (rather than 1 day for D+2 Access) and Royal Mail are saying 25 in every 1,000 Economy Access letters can be still undelivered after D+5.

This means the service performance target for D+5 Access is lower than that for 2nd Class USO mail (98.5%), which has D+3 delivery end-to-end from pillar box to letterbox.

Royal Mail have also decided that (as with D+2 Access) the actual service performance has to be more than 5 percentage points lower than the target before any compensation will be considered (and subject to all the caveats that are there for D+2 Access).

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