

29 July 2020

Royal Mail Group

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Dear Ian,

Scottish Public Holiday – Universal Service Obligations exception

I am writing to request a direction under Designated Universal Service Provider ("DUSP") Condition 1.3.2 to **exempt Royal Mail from having to carry out its universal service obligation on 2 January in Scotland** – a Scottish Public Holiday – **when this date falls on a Saturday**. We request that this begins from 2 January 2021. This would mean that Royal Mail would not have to deliver or collect letters on that day until further notice as it would be permanently designated as an exception to the universal service in Scotland. This is **in line with the approach we have taken for other Public Holidays** which can fall on a Saturday – December 26 and January 1 in the rest of the UK and 12 July in Northern Ireland.

The situation

As the Universal Service Provider for post, Royal Mail is required to collect and deliver letters every Monday to Saturday, excluding public holidays. In Scotland, the 2nd January is usually a public holiday. In the years where 2nd January falls on a Saturday, the Secretary of State has designated that the following Monday be the official public holiday in its place.¹

Taking the example of 2021, the Public Holiday moves to the Monday 4th January. Saturday 2nd January becomes a normal working day for the purposes of our obligations under the DUSP Condition unless Ofcom issues a Direction to approve an exception to the universal service. Royal Mail frontline staff would therefore be required to provide delivery and collection services. This creates a challenging situation for our operation. Delivery Offices would have to work on Thursday 31st December, not work on Friday 1st January, work on Saturday 2nd January, not work on Sunday 3rd January and Monday 4th January.

Proposal

We propose that, in years where 2nd January falls on a Saturday, we treat 2nd January as a non-working day for deliveries and collections. Instead, we would treat Monday 4th January, the official public holiday, as a working day. Below, we set our proposed way forward using 2021 as the example:

		Thu 31 Dec 2020	Fri 1 Jan 2021	Sat 2 Jan 2021	Sun 3 Jan 2021	Mon 4 Jan 2021
Rest of UK	Official	Working	Non working	Working	Non working	Working
	Scotland	Working	Non working	Working	Non working	Non working
	RM proposal	Working	Non working	Non working	Non working	Working
				Needs Ofcom Direction		

¹ www.gov.uk/bank-holidays#scotland

We consider the impact of no deliveries and collections on Saturday 2nd January on businesses and consumers is minimal. Many businesses are closed on a Saturday and Saturday business collections represent a very small proportion of business collections. Only 2.7%² of business collection customers have a scheduled collection on Saturday. In contrast, we expect demand for Royal Mail services to pick up on Monday 4th January. For example, we already have indications that some of our largest business customers will be working even though it is a bank holiday.

Due to the fixed nature of the universal service obligation, we are not able to flex our network to meet lower demand. We would therefore incur the cost of operating a full national network over the holiday weekend for relatively low volumes of mail.

Next steps

Given the above, we consider our suggested approach is very much in line with market dynamics and customer preferences. It is also in line with the approach we take on other Public Holidays that can fall on a Saturday, such as December 26 and January 1 in the rest of the UK, and 12 July in Northern Ireland. We note that Postcomm - the previous postal regulator - granted an exception to the universal service in October 2009³ when 2nd January fell on a Saturday in Scotland. We would of course ensure that our customer communications, including those aimed at business and Access customers, make clear when deliveries and collections will be made over the period in question.

Due to the time it takes to plan our Christmas operation, we ask that Ofcom provides this Direction at the earliest opportunity.

Yours sincerely,

A large black rectangular redaction box covering the signature area.

² Excluding Logistics collections for large customers

³ Postcomm, Oct 2009, Exceptions to Royal Mail's Universal Service Obligation