



Royal Mail – roll out of Delivery to Neighbour scheme

Consultation

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Contents

Section		Page
1	Executive summary	1
2	Introduction	3
3	Legal framework	7
4	Royal Mail's application	12
5	Ofcom's assessment of the application	14
Annex		Page
1	Responding to this consultation	22
2	Ofcom's consultation principles	24
3	Consultation response cover sheet	25
4	Notification of a proposed approval under Designated USP Condition 1.2.2.	27

Section 1

Executive summary

- 1.1 In July 2011 Royal Mail applied to the former postal regulator Postcomm for regulatory approval to enable it to undertake a trial of the delivery of items which cannot be delivered to the addressee to neighbours of the addresses (the “Delivery to Neighbour” scheme)¹.
- 1.2 The trial has taken place in a number of areas across the UK since late 2011 as permitted by Postcomm.
- 1.3 Postcomm's regulatory functions transferred to Ofcom on 1 October 2011 and Royal Mail has submitted a formal request to Ofcom for the approval of the Delivery to Neighbour scheme across the UK. This would allow neighbours of addressees of undeliverable mail to be considered to be “another delivery point” as provided for by section 4 (c) of the Postal Services (Universal Postal Service) Order 2012 and Designated Universal Service Provider (“DUSP”) Condition 1.2.2.
- 1.4 Royal Mail has made a commitment that any roll out will include a provision for customers to opt out of the service and that Royal Mail will retain liability for all undeliverable items until they are received by the original addressee.
- 1.5 Royal Mail's report of the trial shows that 92% of postal recipients whose item was left with a neighbour, and 90% of neighbours who accepted an item, expressed overall satisfaction with the experience. 6% were neither satisfied nor dissatisfied. 1% were fairly dissatisfied and 1% very dissatisfied. In addition in the trial areas there was a reduction of approximately 40% in the numbers of undeliverable items that were returned to delivery offices.
- 1.6 Consumer Focus has undertaken its own research into the scheme and provided positive feedback on the trial although it has also identified some issues which should be addressed in the national roll out.
- 1.7 Having regard to our duty under section 29 of the Postal Services Act 2011 to carry out our functions in a way that we consider will secure the provision of a universal postal service, including the need for the provision of that service to be financially sustainable and efficient, we propose that Royal Mail should be permitted to deliver items to neighbours to improve the convenience of the service for postal users, and enable a more efficient delivery system for Royal Mail. In developing this proposal, we have noted that other packet delivery services competing with Royal Mail are currently permitted to leave undelivered items with neighbours.
- 1.8 The issue of effective delivery of packets and signed for items to addressees is an important one. Ofcom is aware that complaints relating to the performance of postmen/women in respect of issues such as the delivery of P739 cards (which say that an attempt to deliver has been made) when in fact the item has been left in the Delivery Office regularly feature in the top 10 categories of complaints received by Royal Mail. Royal Mail considers that the Delivery to Neighbour process should have a positive impact in terms of reducing the incentive to not attempt to deliver larger items first time. We hope that the Delivery to Neighbour process will have a positive

¹ <http://stakeholders.ofcom.org.uk/binaries/post/1996.pdf>

impact on customer service and we will monitor the effectiveness of the Delivery to Neighbour process generally, in particular with regard to P739 complaints.

- 1.9 Ofcom therefore proposes to agree to Royal Mail's application. The purpose of this consultation is to seek views from stakeholders before reaching a final decision.

Section 2

Introduction

- 2.1 In October 2011, the Postal Services Act 2011 (“the Act”) came into force and Ofcom gained the responsibility and powers to regulate postal services.
- 2.2 The postal sector remains essential to the UK economy. In 2010-11 16 billion letters were delivered to 28.8 million addresses. Royal Mail was responsible for delivering 99% of these.
- 2.3 Central to the role that post plays in society is the provision of a universal postal service. Section 31 of the Act sets out the services that must, as a minimum, be included in a universal postal service. Royal Mail, as the designated universal service provider², must provide a universal postal service³ which includes delivering and collecting letters six days a week, and ensuring that prices for services that are part of the universal service must be affordable and uniform throughout the UK.
- 2.4 As the sector faces major challenges, the sustainability of the universal service has come under severe pressure. Details of the challenges facing Royal Mail and our proposals to safeguard the provision of the universal service can be found in our consultation on securing the universal postal service⁴ and subsequent statement published in March of this year⁵.
- 2.5 Ofcom’s primary duty under the Act is to carry out our functions in relation to post in a way which we consider will secure the provision of a universal postal service. Ofcom’s principal duty under the Communications Act 2003 (“the 2003 Act”) is to further the interests of citizens and consumers, where appropriate by promoting competition.
- 2.6 Royal Mail’s standard delivery practice is that, where an item cannot be delivered because the item is too large to fit through the letterbox or requires a signature and the addressee is unable to receive it, typically when they are not at home, then the item is returned to the delivery office and a P739 card is left informing the addressee of the options available to receive the item. Currently, those options are for the addressee to:
- collect the item from the delivery office;
 - arrange re-delivery for a different day; or
 - arrange for the item to be delivered to a local Post Office (for which there is a £1.50 fee).
- 2.7 In July 2011, Royal Mail applied to the former postal regulator, Postcomm, for regulatory approval to enable it to undertake a trial of the delivery of these undeliverable items (with the exception of *Special Delivery Next Day* and *International Signed For* items) to neighbours (the “Delivery to Neighbour” scheme).

² Section 35 of the Act

³ Pursuant to the Designated USP Condition set under section 36 of the Act

⁴ <http://stakeholders.ofcom.org.uk/consultations/securing-the-postal-service/>

⁵ <http://stakeholders.ofcom.org.uk/consultations/review-of-regulatory-conditions/statement/>

- 2.8 Royal Mail was of the view that the process should enable addressees to retrieve their items more quickly and easily than is currently the case and a trial would enable it to identify whether customers would in reality benefit from such a scheme, and whether any costs to Royal Mail might outweigh those benefits. It also noted that it would bring it in line with its competitors who are all able to leave items with neighbours.
- 2.9 Postcomm received 382 relevant responses. 251 responses were opposed, 117 expressed concerns (principally in relation to the lack of an option for consumers to opt out of the scheme), and 14 were in favour of the proposal. The principal issues raised by respondents related to:
- concerns about the security of valuable and confidential items left with neighbours;
 - the lack of a mechanism to opt out from allowing items to be left with neighbours;
 - the lack of clarity as to who would constitute a neighbour;
 - concerns that once an item had been handed to a neighbour, Royal Mail's liability in relation to the item would end.
- 2.10 Postcomm made a direction on 29 September 2011 which allowed Royal Mail to make arrangements for a trial of its proposed Delivery to Neighbour scheme. Postcomm's decision was made following agreement by Royal Mail that it would retain liability for mail delivered in the trial areas on the same basis as for mail delivered outside the trial areas and that it would provide an opt out mechanism for addressees who did not wish to take part in the scheme.
- 2.11 Royal Mail was to advise Ofcom and Consumer Focus of its communications plan, the results of the trial and to publish those results.
- 2.12 Royal Mail would also confirm what operational measures were to be tested in the trial, for example whether delivery to neighbour resulted in any postmen/women failing to complete their walk with a knock on impact on its quality of service obligations⁶.
- 2.13 Royal Mail notified Ofcom and Consumer Focus on 27 October 2011 that it would start the trial in certain parts of six delivery areas (Edinburgh, Gatwick, North Hull, Norwich, Swansea East and Bolton/Wigan) and that this would run from 28 November 2011 until 25 February 2012.
- 2.14 This trial allowed postmen/women to leave undeliverable post with a neighbour if the intended recipient was not at home to receive it. They were to identify a suitable nearby property, attempt to deliver the item there and ask the neighbour if they would be willing to take receipt of the item on behalf of the addressee. If they agreed to do so, the postman or woman would record the neighbouring address on the '*Something*

⁶ <http://www.royalmailgroup.com/our-customers/quality-service>

Under Royal Mail's regulatory conditions DUSP 5.5, 5.7(a), and CP1, it has an obligation to meet certain quality of service performance standards. Failure to meet these standards may result in investigation by Ofcom or the imposition of financial penalties. Ofcom requires Royal Mail to publish its quarterly quality of service results on its website. Royal Mail identified no adverse impact on USO Quality of Service (i.e. failure to complete walks) in the trial areas as a result of the Delivery to Neighbour process.

*for you' card*⁷ and post this card at the recipient's address. Recipients who opted out via a sticker displayed near their letterbox were not to have their post left with a neighbour or be asked to take post for a neighbour, and instead their post would be returned to the delivery office or post office as usual.

- 2.15 Royal Mail delivered a leaflet to all properties in the six areas informing them of the trial and consumers in these areas were offered the option to opt out (as a recipient and neighbour) by displaying a sticker at their address. The trial included parcels and *Recorded Signed For* items, but not *Special Delivery* or international items requiring a signature.
- 2.16 On 7 February 2012, Royal Mail notified Ofcom and Consumer Focus that it intended to extend the period of the trial by a further three months (to 26 May 2012).
- 2.17 Royal Mail's report on the results of the trial can be found at Annex 5 published alongside this consultation document. The report is based on the initial three month duration of the trial but Royal Mail has continued the trial (with Ofcom's agreement) in the relevant areas to increase its experience. In summary:
- The trial covered six delivery sectors.
 - Total number of delivery walks was 1,410.
 - Total number of delivery points was approximately 748,000 households.
 - Total number of those who opted out of the scheme was 4,425 (0.59% of households in the trial areas).
 - Total number of complaints in trial areas was 63. Only 2 complaints related to allegations that neighbours had kept items for themselves and upon investigation both complaints were identified to have resulted from misunderstandings.
 - In the trial areas, 86.3% of packet/signature items were delivered as addressed first time. 7.5% of items were returned to the Delivery Office and 6.2% of items were successfully delivered to a neighbour. In the control areas 88% were delivered as addressed first time and 12% returned to the Delivery Office. Customer re-delivery requests fell by 9.2% in the trial areas.
 - Delivery offices experienced reduced workloads (it is reasonable to assume that queues for customers were shorter).
 - A telephone survey of customers and neighbours in the trial areas found high levels of satisfaction – 92% of recipients whose item was left with a neighbour were satisfied, 6% were neither satisfied nor dissatisfied, 2% were dissatisfied.
 - The Ofcom contact centre⁸ received no complaints during the trial.
- 2.18 Following the trial, Royal Mail has submitted a formal request to Ofcom to allow neighbours of addressees of undeliverable mail to be considered to be "another delivery point" as provided for by section 4(c) of the Postal Services (Universal Postal Service) Order 2012 and DUSP condition 1.2.2. This can be found at Annex 6

⁷ This is a card left by postmen/women with addressees to indicate which neighbour had taken the item on their behalf.

⁸ This handles complaints made directly to Ofcom.

published alongside this consultation document. The trial has been extended for a further 6 months pending Ofcom's decision on Royal Mail's application.

- 2.19 This approval is required for Royal Mail to roll the Delivery to Neighbour process out nationally. Royal Mail wishes to do so in time for Christmas 2012. Ofcom proposes to grant approval for national roll out of the scheme. The purpose of this consultation is to seek input from stakeholders and any other interested parties on Royal Mail's application, and Ofcom's proposal to approve.

Section 3

Legal framework

Introduction

- 3.1 The Postal Services Act 2011 (“the Act”) received Royal Assent on 13 June 2011 and came into force on 1 October 2011. One of the Act’s main purposes was to make provision for a new regulatory framework for the postal services sector, including transferring regulatory responsibility from Postcomm to Ofcom. The vesting of this new responsibility for Ofcom took place on 1 October 2011.
- 3.2 Its provisions also give effect to Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008, which amends Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services.
- 3.3 The Act also replaced the existing licensing regime in the postal sector with a general authorisation regime. This means that persons may provide postal services without the need for any licence or authorisation but that the provision of those services by postal operators may be subject to regulatory conditions that Ofcom may impose under Part 3 of the Act⁹.
- 3.4 The rest of this Section summarises the key features of the legal framework which are relevant to the proposal set out in this consultation.

Duty to secure provision of a universal postal service

- 3.5 Section 29(1) of the Act provides that Ofcom must carry out its functions in relation to postal services in a way that it considers will secure the provision of a universal postal service. Section 29(2) of the Act provides that Ofcom’s power to impose access or other regulatory conditions is subject to the duty imposed by section 29(1) of the Act.
- 3.6 Section 29(3) of the Act provides that, in performing our duty under section 29(1), we must have regard to the need for the provision of a universal postal service to be:
- financially sustainable; and
 - efficient before the end of a reasonable period and for its provision to continue to be efficient at all subsequent times.

The universal service

- 3.7 Section 30 of the Act provides that Ofcom must set out in an order a description of the services Ofcom considers should be provided in the United Kingdom as a universal postal service and the standards with which those services must comply.
- 3.8 The universal postal service must, as a minimum, include each of the services set out in section 31 of the Act.

⁹ The types of conditions we can impose are those in sections 36, 38, 39, 41, 42, 48-51 of the Act.

- 3.9 The minimum requirements specified by the Act in relation to the delivery of letters or other postal packets are:

At least one delivery of letters every Monday to Saturday and at least one delivery of other postal packets every Monday to Friday —

- to the home or premises of every individual or other person in the United Kingdom, or
- to such identifiable points for the delivery of postal packets as OFCOM may approve.

- 3.10 Ofcom has met its requirements under section 30 of the Act by making the Postal Services (Universal Postal Service) Order 2012 (“the Order”).

Universal Postal Service Order and DUSP 1

- 3.11 Section 4 (c) of the Order provides that where a service required by the Order requires delivery of a postal packet, delivery shall be effected if:

- the postal packet has been delivered to the postal address marked on the postal packet;
- the postal packet has been delivered to a person named as an addressee on the postal packet;
- the postal packet has been delivered to another delivery point requested by the addressee or approved by OFCOM for the purposes of the paragraph; or
- an unsuccessful attempt has been made to deliver the postal packet in accordance with the methods above and a universal service provider offers the addressee a choice of redelivery within a reasonable period and an opportunity to collect the postal packet from:
 - (i) a post office;
 - (ii) a delivery office; or
 - (iii) another collection point approved by OFCOM.

- 3.12 Under section 36 of the Act, Ofcom may impose a designated universal service provision (“DUSP”) condition on a universal service provider if it considers it is necessary to do so in order to secure the provision of a service of a description set out in the Order in accordance with the standards set out there.

- 3.13 DUSP Condition 1.2.2 contains the requirements of section 4 (c) of the Order in relation to the delivery of postal packets.

Legal Test

General test for directions and approvals under regulatory conditions

- 3.14 Paragraph 4(1) of Schedule 6 to the Act applies if a regulatory condition has effect by reference to directions, approvals or consents given by a person and the person proposes to give such a direction, approval or consent affecting the operation of the condition.
- 3.15 Under paragraph 4(2) of Schedule 6, Ofcom may only give a direction, approval or consent if satisfied that to do so:
- is objectively justifiable;
 - does not discriminate unduly against particular persons or a particular description of persons;
 - is proportionate to what it is intended to achieve; and
 - is transparent in relation to what it is intended to achieve.

General duties

- 3.16 Section 3 of the Communications Act 2003 (the “2003 Act”) provides that it shall be our principal duty, in carrying out our functions, to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.
- 3.17 This principal duty applies also to functions carried out by us in relation to postal services. Section 3(6A) of the 2003 Act provides that the duty in section 29(1) of the Act takes priority over our general duties in the 2003 Act in the case of conflict between the two where we are carrying out our functions in relation to postal services.
- 3.18 In performing our general duties, we are also required under section 3(4) of the 2003 Act to have regard to a range of other considerations, which appear to us to be relevant in the circumstances. In this context, we consider that a number of such considerations appear potentially relevant, including:
- the desirability of promoting competition in relevant markets;
 - the desirability of encouraging investment and innovation in relevant markets;
 - the vulnerability of children and of others whose circumstances appear to Ofcom to put them in need of special protection;
 - the needs of persons with disabilities, of the elderly and of those on low incomes;
 - the opinions of consumers in relevant markets and of members of the public generally; and

- the different interests of persons in the different parts of the United Kingdom, of the different ethnic communities within the United Kingdom and of persons living in rural and in urban areas.
- 3.19 Section 3(5) of the 2003 Act provides that in performing our duty to further the interests of consumers, we must have regard, in particular, to the interests of those consumers in respect of choice, price, quality of service and value for money.
- 3.20 Pursuant to section 3(3) of the 2003 Act, in performing our general duties, we must have regard, in all cases, to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed, and any other principles appearing to us to represent the best regulatory practice.
- 3.21 In this regard, we note Ofcom's general regulatory principles¹⁰ including in particular the following in the present context:
- ensuring that our interventions are evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome;
 - seeking the least intrusive regulatory mechanisms to achieve our policy objectives;
 - consulting widely with all relevant stakeholders and assessing the impact of regulatory action before imposing regulation upon a market.
- 3.22 Finally, we have an ongoing duty under section 6 of the 2003 Act to keep the carrying out of our functions under review with a view to ensuring that regulation by Ofcom does not involve the imposition of burdens which are unnecessary or the maintenance of burdens which have become unnecessary.

General impact assessment

- 3.23 The analysis presented in section 5 of this document represents an impact assessment, as defined in section 7 of the 2003 Act.
- 3.24 Impact assessments provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen. They form part of best practice policy-making. This is reflected in section 7 of the 2003 Act, which means that generally Ofcom has to carry out impact assessments where its proposals would be likely to have a significant effect on businesses or the general public, or when there is a major change in Ofcom's activities. However, as a matter of policy Ofcom is committed to carrying out and publishing impact assessments in relation to the great majority of its policy decisions. For further information about Ofcom's approach to impact assessments, see our guidelines¹¹.
- 3.25 Specifically, pursuant to section 7, an impact assessment must set out how, in our opinion, the performance of our general duties (within the meaning of section 3 of the Act) is secured or furthered by, in relation to what we propose.

¹⁰ See this link for a full list of the principles, <http://www.ofcom.org.uk/about/what-is-ofcom/statutory-duties-and-regulatory-principles/>

¹¹ *Better Policy Making – Ofcom's approach to Impact Assessment*, Ofcom, 21 July 2005 http://stakeholders.ofcom.org.uk/binaries/consultations/better-policy-making/Better_Policy_Making.pdf

Equality impact assessment

3.26 In carrying out our functions, we are also under a general duty under the Equality Act 2010 to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation;
- advance equality of opportunity between different groups; and
- foster good relations between different groups,

in relation to the following protected characteristics: age; disability; gender re-assignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

3.27 Such equality impact assessments also assist us in making sure that we are meeting our principal duty under section 3 of the 2003 Act discussed above.

3.28 We have therefore considered what (if any) impact the proposals in this consultation may have on equality.

Section 4

Royal Mail's application

- 4.1 Royal Mail has submitted a formal request to Ofcom to permit neighbours of addressees of undeliverable mail to be considered to be “another delivery point” as provided for by section 4 (c) of the Postal Services (Universal Postal Service) Order 2012 and DUSP Condition 1.2.2. This approval is required for Royal Mail to roll out nationally the Delivery to Neighbour service in time for Christmas 2012.
- 4.2 On 30 March 2012, Royal Mail notified Ofcom under DUSP Condition 1.10.1 of the services which it provides with a view to meeting its obligations under DUSP Condition 1.6 and 1.7 (end-to-end services and addressee services as part of the universal service obligation).
- 4.3 Of those services, Royal Mail proposes that the following services could be delivered to a neighbour:
- First Class without and with Recorded Signed For™;
 - Second Class without and with Recorded Signed For™;
 - Standard parcels (above 1kg); and
 - Articles for the blind (a free service for blind and partially sighted people in respect of items specifically related to their medical condition e.g: Braille items)
- Services not included within the Delivery to Neighbour scheme are:
- Royal Mail Special Delivery™;
 - Do Not Redirect items;
 - Inbound international items requiring a signature.
- 4.4 Royal Mail proposes to continue to offer an opt-out for addressees. Customers would be able to opt out of Delivery to Neighbour service by displaying a sticker in a prominent location at their address (e.g. on or near their letterbox). Royal Mail will send stickers, free of charge, to customers who provide their address details to Royal Mail either via the web-site www.royalmail.com or via telephone to Royal Mail Customer Services via a dedicated automated phone number. For these customers, undeliverable items would be returned to the local Royal Mail delivery office. There would be no attempt to leave items with the neighbours of these customers.
- 4.5 Royal Mail also proposes to retain liability for mail delivered to neighbours on the same basis as other mail, and will pay compensation according to the policy in force at the relevant time¹².

¹² Royal Mail's compensation policy for loss can be found at : <http://www.royalmail.com/customer-service/personal-customers/refunds-and-compensation/lost-item-compensation/lost-items>

- 4.6 Royal Mail considers a neighbour to be a person who lives within close proximity of the address on the item. They may be a next-door neighbour or someone who lives sufficiently close by¹³.
- 4.7 The delivery postman or woman would have the flexibility to make an appropriate judgement of which neighbour to approach and indeed whether to approach a neighbour at all. In exercising that judgement he or she may rely on their familiarity with their walk and pointers of occupation such as previous experience, a car in the drive, or an open window.
- 4.8 Royal Mail proposes to publicise any national introduction of the Delivery to Neighbour service in a number of different ways, including a leaflet to every household in the UK.

¹³ The decision as to whether to leave an item with a neighbour is at the discretion of the postman/woman who are given guidance regarding how to identify a neighbour as a suitable delivery point as part of their Royal Mail training.

Section 5

Ofcom's assessment of the application

Overview

- 5.1 The main issue arising from the Postcomm consultation regarding Royal Mail's original application in July 2011 was concern on the part of some of the consumers who responded, and Consumer Focus, that addressees should have a right to opt out from the Delivery to Neighbour process and that Royal Mail should retain liability for items delivered to neighbours until the point at which the addressee received the item.
- 5.2 Postcomm stated in its decision document in September 2011 that it would accept the application to run a trial subject to Royal Mail retaining liability for mail delivered to neighbours and providing an opt-out for addressees and their neighbours both in relation to delivery of their own items to a neighbour and their receipt of neighbours' items. These provisions were included in the trial and Royal Mail has confirmed that they would also apply in any national roll out.
- 5.3 Royal Mail is the only major postal delivery company currently not permitted to deliver to a neighbour as part of its standard practice. Parcelforce, an unregulated part of the Royal Mail Group, already leaves items with neighbours, as do Royal Mail's competitors. We consider that a delivery to neighbour service will improve the convenience and flexibility of the delivery service for postal users (senders and receivers of mail) and should enable Royal Mail to provide a more efficient service. We note that Royal Mail's application is part of the process of bringing its terms and conditions more in line with other delivery companies.

Results of the trial

- 5.4 The results of the Royal Mail trial and Royal Mail's customer research indicate a very high level of customer satisfaction. Royal Mail says that it wishes to extend the benefits of the service to customers throughout the country. Principal results from Royal Mail's research are shown below:
- 92% of recipients whose item was left with a neighbour expressing overall satisfaction with the experience¹⁴. Of these 70% stated that they were very satisfied with the experience and 22% stated that they were fairly satisfied.
 - 90% of neighbours who accepted an item expressed overall satisfaction with the experience. Of these, 56% stated that they were very satisfied with the experience and 34% stated that they were fairly satisfied.
 - 63 consumer complaints were received. The main reasons were customers not receiving opt-out stickers in time, and items being delivered to neighbours when customers did not want this.
 - In the trial areas, 86.3% of packet/signature items were delivered as addressed first time. 7.5% of items were returned to the Delivery Office and 6.2% of items

¹⁴ Royal Mail commissioned the research agency Illuminas to undertake research quantifying customer satisfaction for both receiving customers and neighbours in the trial areas.

were successfully delivered to a neighbour. In the control areas 88% were delivered as addressed first time and 12% returned to the Delivery Office. Customer re-delivery requests fell by 9.2% in the trial areas.

- There were no reported walk failures as a result of the trial and no reported additional delivery costs. No delivery staff reported any extra time being taken to conduct delivery tasks as a result of the trial.
- 5.5 Consumer Focus undertook its own research¹⁵ into the impact of the trial specifically both the end-to-end journey of undeliverable items from collection to delivery, and the experience of consumers as senders, recipients and neighbours. This involved a telephone survey of 1,000 consumers across the six trial areas, and a mystery shopping exercise.
- 5.6 Consumer Focus found that when the Delivery to Neighbour guidelines were correctly followed, the scheme seemed to be operating well¹⁶. In those cases where the item was left with a neighbour and a '*Something for you*' card was left with the recipient the scheme appears to have been well received. All those involved in assessing the trial said the choice of neighbour was appropriate and all were able to collect the item, as the address was left on the card. All of the neighbours who were asked about the scheme were happy about taking the item and felt that the recipient had collected it at an appropriate time. Although there were some instances of items being received that were not in good condition, none of these occurred when the item was left with a neighbour.
- 5.7 The research noted that in the majority of cases the item was returned to the delivery/post office rather than being left with a neighbour, even in the trial areas where the recipient had opted in. The proportion of items left with a neighbour in the trial areas among those shoppers who had opted in to the scheme was slightly higher than in non-trial areas (8% versus 4%¹⁷). It is not clear from this research whether the low uptake of the Delivery to Neighbour option was due to postmen/women not being able to leave undeliverable post with a neighbour or whether they had not attempted to do so at all. Ofcom is aware of the ongoing problem involving postmen/women who choose to leave packets/signature items in the Delivery Office and instead deliver P739 cards to the addressee inviting them to collect the item. Royal Mail has confirmed to Ofcom that it considers that Delivery to Neighbour should have a positive impact on this problem. Royal Mail has also confirmed that it takes the issue of abuse of P739 cards extremely seriously and is working on initiatives to identify the causes of the problem and the most effective solutions. Ofcom intends to monitor this issue going forward.
- 5.8 Notwithstanding this almost all consumers whose post was left with a neighbour believed they had benefited:
- 88% of trial recipients said that they received a card notifying them that their post had been left with a neighbour;
 - 98% of those who received a card notifying them that their post had been left with a neighbour believed there was sufficient detail provided on the card to allow them to identify which neighbour had accepted delivery of their post;

¹⁵ <http://www.consumerfocus.org.uk/news/consumer-watchdog-welcomes-delivery-to-neighbours>

¹⁷ The 4% figure reflects the fact that some postmen/women already informally leave undeliverable items with neighbours as a matter of course.

- 99% of trial recipients were happy with the neighbour that the postman/woman chose to leave their post with;
 - 95% of trial recipients collected their post that had been left with their neighbour within 24 hours;
 - no trial recipients reported that their post was lost or damaged when they went to collect it from their neighbour;
 - 99% of trial recipients were happy that their post was left with a neighbour rather than being returned to the delivery office for collection or redelivery.
- 5.9 Similarly those who received post on behalf of their neighbours were positive about the experience: 98% of trial neighbours reported that it was convenient for them to receive this post on their neighbour's behalf.
- 5.10 Consumer Focus also identified areas for improvement in the scheme. It found that around four in ten customers stated that the trial made no difference or that they were not aware of it. In addition postmen/women needed to be aware of the guidelines (which were not always applied correctly). Even in trial areas where the recipient had not opted out, only a small minority actually received a card to instruct them to pick the item up from a neighbour. Many items were returned to the delivery office or left on the recipient's property. The opt out was not always respected and *Special Delivery* was sometimes left with a neighbour or *Recorded Signed For* put through the letterbox.
- 5.11 The research found that awareness of the trial was low – its consumer survey found that only one-third of those living in the trial areas were aware that the trial was taking place. Most of those who knew about the trial remembered receiving a leaflet from Royal Mail about it. Post Office counter staff almost never informed senders about the trial in the area to which the sender was posting the item.
- 5.12 Only half of consumers who were aware of the trial knew that they could opt out; given the low awareness of the trial this means that overall only one in five consumers was aware that they could choose not to have their post left with a neighbour.

Ofcom's assessment

- 5.13 Section 29(1) of the Act provides that Ofcom must carry out its functions in relation to postal services in a way that it considers will secure the provision of a universal postal service.
- 5.14 Section 29(3) of the Act provides that, in performing our duty under section 29(1), we must have regard to the need for the provision of a universal postal service to be:
- financially sustainable; and
 - efficient before the end of a reasonable period and for its provision to continue to be efficient at all subsequent times.
- 5.15 Section 3 of the 2003 Act provides that it shall be our principal duty, in carrying out our functions, to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.

- 5.16 This principal duty applies also to functions carried out by us in relation to postal services.
- 5.17 Royal Mail is the only major postal delivery company currently not permitted to deliver to a neighbour as part of its standard delivery practice and its application is part of an ongoing process to bring its terms and conditions more in line with other delivery companies who are not subject to the same restrictions. For example, TNT states in its terms and conditions of carriage and other services that “you or the receiver of a shipment may give special instructions to us to deliver the shipment to another location/person (being for example a neighbour and/or neighbouring address)”.
- 5.18 If Ofcom does not grant Royal Mail approval to deliver postal packets to an addressee’s neighbour, we consider that Royal Mail will remain at a competitive disadvantage (although Royal Mail itself has not identified this as a principal reason for its application). We do recognise, however, that this is likely to be a smaller factor in relation to Royal Mail’s competitiveness with other operators compared to other factors which have been identified in previous reviews of postal services.
- 5.19 The Hooper review of the postal service in 2010, “Saving the Royal Mail’s universal postal service in the digital age”¹⁸, stated that “Royal Mail has continued to lose upstream market share to its competitors. The packets and parcels market is smaller than the letters market and is much more competitive”. The Hooper review also highlights that the use of packet and parcel services as a way of getting goods purchased over the internet or by mail or phone, from sellers to buyers (a process termed “fulfilment”), has increased. This method of shopping is likely to continue to increase steadily and, as recipients, customers want more flexibility over when and where products are delivered. Delivery to Neighbour should reduce the number of occasions on which customers have to travel to their nearest delivery office to pick up undelivered items, a factor of particular importance in rural areas where distances to delivery offices can be quite long and travel costs high. However, such benefits will only accrue if Delivery to Neighbour is introduced effectively by Royal Mail and carried out conscientiously by postmen/women.
- 5.20 Consumer Focus states in its research that as e-commerce and other mail fulfilment services continue to grow, so will the importance of consumer experiences of parcel delivery. The research has identified that 60% of 16–24 year olds expect to do more shopping online in the near future. The quality of mail fulfilment will become an increasingly significant aspect of customer service for an increasing number of consumer purchases and therefore service delivery is an important competitive factor.
- 5.21 We have not seen any evidence to date to suggest that the roll out of Delivery to Neighbour would be likely to have an anti-competitive impact on Royal Mail’s competitors. Further, we note that at the time of the original Postcomm consultation we did not receive any responses from Royal Mail’s competitors indicating any concerns about Royal Mail’s proposal to allow items to be left with neighbours.
- 5.22 We note that the trial Delivery to Neighbour scheme brought further benefits in that there were significant improvements to the delivery office environment and feedback from trial offices identified improvements to working practices that resulted in tidier, more organised and safer conditions in which to work.

¹⁸ <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/s/10-1143-saving-royal-mail-universal-postal-service>

- 5.23 Having regard to sections 29(1) and (3) of the Act, we consider that granting the approval would ensure that Royal Mail is better able to compete on a level playing field with its competitors as regards the delivery service it is able to offer, thereby helping to ensure that Royal Mail is able to continue to provide the universal service for the delivery of postal packets in an efficient and financially sustainable manner.
- 5.24 Having regard to Ofcom's principal duty to further the interests of citizens and consumers, we consider that this initiative will make it easier for customers to receive deliveries if they are not at home during the day and an item is too large to fit through a letterbox or requires a signature (excluding *Special Delivery*). It will offer customers greater choice in the way that they can choose to receive deliveries and reduce the need to travel to delivery offices to pick up items, plus reduce queuing times in delivery offices.
- 5.25 Royal Mail found during the trial that 7.5% of all sampled packet items were returned to the trial delivery offices as undeliverable with 6.2% being delivered to neighbours. This compares to 12% of all sampled packet items at the control sites being returned to delivery offices (a reduction of 4.5 percentage points for trial sites).
- 5.26 The Consumer Focus research showed that delivery convenience was improved for those consumers whose undeliverable post was left with a neighbour as part of the trial. Both recipients and neighbours reported that items were collected quickly and conveniently with no reports of loss or damage. Almost all consumers whose post was left with a neighbour, or who received post on behalf of their neighbours, believed they had benefitted from the delivery to neighbour trial. However, the Consumer Focus research also raises concerns about awareness of the scheme, and adherence with it by post men and women. Albeit across a small sample, the Consumer Focus research indicated that overall the trial had limited success. We note Consumer Focus' conclusion that they would support national roll-out, subject to careful consideration of their recommendations to improve effectiveness. We are very grateful for this input from Consumer Focus, and have taken account of their research and recommendations in our proposal.
- 5.27 In respects of costs to Royal Mail of rolling out the Delivery to Neighbour service, we note that Royal Mail's report on the trial did not identify any material additional costs. Obviously there will be some costs associated with the provision of stickers to customers who wish to exercise their right to opt out but we would expect these to be minimal. Royal Mail has indicated that it intends to use its annual notification to customers which state the last posting times before Christmas as a way of avoiding extra costs.
- 5.28 We would expect that, should Ofcom grant its approval to the scheme, Royal Mail would take appropriate and effective measures to increase awareness and operational effectiveness of the service. This should include adoption of the measures identified in paragraph 5.41 below. We expect Royal Mail to continue to record key performance indicators to track the effectiveness of the process, and to share the results of this tracking with Ofcom and Consumer Focus.
- 5.29 Taking account of all the available evidence, we believe that granting approval to the Delivery to Neighbour service will further the interests of citizens and consumers by saving people the time and costs incurred in arranging for undelivered postal packets to be collected at the delivery office, the Post Office or on a different day.
- 5.30 We consider that the six delivery areas covered in the trial are sufficiently representative of different parts of the UK. We note that although the trial did not

cover any part of London, however, Postcomm considered at the time of approving the initial trial that Hull, Edinburgh and Swansea East all contained urban environments.

- 5.31 In considering the proposal we have also had regard to the needs of persons with disabilities and the elderly under section 4(i) of the 2003 Act. We note that the services covered include articles to the blind. By allowing post to be left with a neighbour (with the right to opt out), some customers with mobility problems due to age or disability may benefit as it would avoid any need to travel to a delivery office to collect packages if they are unable to arrange an alternative delivery date.
- 5.32 We have given careful consideration as to whether the roll out of the Delivery to Neighbour service nationally will have a particular impact on any particular group within society. We do not believe it does because the proposal applies to all address points within the UK and incorporates a right to opt out for any addressee at no cost. We note Consumer Focus’s finding that younger people may be less likely to feel confident about relying on neighbours to accept items on their behalf (for example they are more likely to live in short term rented accommodation and therefore less likely to know their neighbours) but consider that this does not imply that addressees generally should not be able to take advantage of the Delivery to Neighbour option. In any event those addressees who choose to opt out of the process will be no worse off than they are currently should Ofcom consider it appropriate to grant approval to Royal Mail’s application.
- 5.33 The main issue arising from Postcomm’s original consultation¹⁹ was concern on the part of some of the consumers who responded, and Consumer Focus, that addressees should have a right to opt out from the Delivery to Neighbour service and that Royal Mail should retain liability for items delivered to neighbours until the point at which the addressee received the item.
- 5.34 Royal Mail has confirmed that it will continue to offer the right to opt out and retain liability in any national roll out. Therefore, Ofcom considers that there will be proportionate and effective safeguards in place to address the majority of consumer concerns.
- 5.35 Ofcom notes the results of the Consumer Focus research which indicated patchy knowledge on the part of consumers about the trials. Ofcom would expect Royal Mail to take appropriate steps to ensure that customers are made aware of any roll out and notes Royal Mail’s intention to send a letter to every household in the country. For example, it may be appropriate to set key performance indicators (“KPIs”) on the percentage of items returned to delivery offices, complaints related to “*something for you*” cards and P739 complaints related to undelivered items.
- 5.36 Finally, we agree with the findings of Consumer Focus that if the scheme is rolled out nationally, Royal Mail needs to ensure that postmen/women are aware of the guidelines and monitor its implementation carefully to ensure that the guidelines are adhered to. We shall discuss with Royal Mail what KPI should be monitored in order to identify the effectiveness of Delivery to Neighbour once it has been rolled out across the UK.

Q1 Do you agree that Ofcom should grant approval to Royal Mail for the Delivery to Neighbour service? If not please explain your answer.

¹⁹ <http://stakeholders.ofcom.org.uk/binaries/post/1995.pdf>

Q2 Are there other consequences following the roll out of the service across the UK that we have not included in our assessment? If so, please explain.

Legal Tests

5.37 We consider that granting an approval to Royal Mail to allow it to deliver certain postal packets²⁰ to an addressee's neighbour when the addressee is not present at the destination address would be:

- **objectively justifiable** because it would place Royal Mail on a level playing field with its competitors and offer customers greater choice in terms of the delivery of items;
- **not unduly discriminatory** because the Delivery to Neighbour service would be available to every household in the UK on equal terms;
- **proportionate** because customers would have the option to opt out of the service if they do not wish undelivered items to be left with a neighbour, or if they do not wish to receive items on a neighbour's behalf. In addition Royal Mail will remain liable for undelivered items;
- **transparent** because should approval be granted, Royal Mail would contact every household in the UK in advance of any roll out to inform them of the nature of the Delivery to Neighbour service and of the customer's right to opt out.

Therefore we consider that the proposal to grant approval to the Delivery to Neighbour service satisfies the statutory criteria at paragraph 4(2) of Schedule 6 of the Act for granting an approval giving effect to a regulatory condition.

Recommendation

5.38 In conclusion, we propose to approve Royal Mail's proposal that delivery of a postal packet may be affected by a delivery to the addressee's neighbour for the purposes of DUSP condition 1.2.2 for First Class and Second Class without and with Recorded Signed For™, standard parcels and articles for the blind.

5.39 A draft of notification of the approval can be found at Annex 4.

Q3 Do you have any comments on the scope and wording of the proposed Notification and approval?

5.40 However we consider that the following measures should be undertaken if approval were to be granted:

- that the roll out of the Delivery to Neighbour service nationally receives appropriate publicity, e.g. via Royal Mail's website. It should be made clear that customers will need to opt out of the scheme if they do not want their items to be delivered to a neighbour/to take items for neighbours;

²⁰ First Class without and with Recorded Signed For™, Second Class without and with Recorded Signed For™, Standard Parcels (above 1kg), Articles for the Blind

- that opt out stickers are promptly provided to any customer requesting them;
- that all staff, including postmen/women, post office counter staff and Royal Mail Customer Services, are made aware of the provisions and rules of the scheme and the products that fall within the approval;
- to continue to monitor any complaints and address areas of concern, for example complaints that postmen/women sometimes leave P739 cards without actually taking the item with them to the address;
- to consider any changes which may need to be made to its compensation policy for lost items;
- to monitor adherence to the scheme by postal staff and provide further training where necessary;
- appropriate KPIs are established and monitored to identify the effectiveness of the Delivery to Neighbour process.

5.41 If, following the consultation, Ofcom decides to grant the approval for the purposes of DUSP Condition 1.2.2, we would expect Royal Mail to fulfil its obligations under DUSP Condition 1.10.1 to publish, in such a manner as will ensure reasonable publicity the fact that certain undelivered postal packets (as described above) can now be collected from neighbours. This would be done at least one month in advance of the date on which the scheme is due to be implemented.

Annex 1

Responding to this consultation

How to respond

- A1.1 Ofcom invites written views and comments on the issues raised in this document and on the draft approval, to be made **by 5pm on Wednesday 12 September 2012**
- A1.2 Ofcom strongly prefers to receive responses using the online web form at <https://stakeholders.ofcom.org.uk/consultations/royal-mail-delivery-neighbour/howtorespond/form> , as this helps us to process the responses quickly and efficiently. We would also be grateful if you could assist us by completing a response cover sheet (see Annex 3), to indicate whether or not there are confidentiality issues. This response coversheet is incorporated into the online web form questionnaire.
- A1.3 For larger consultation responses - particularly those with supporting charts, tables or other data - please email michelle.koretz@ofcom.org.uk attaching your response in Microsoft Word format, together with a consultation response coversheet.
- A1.4 Responses may alternatively be posted to the address below, marked with the title of the consultation.

Michelle Koretz
Floor 2
Consumer Affairs Department
Riverside House
2A Southwark Bridge Road
London SE1 9HA

Note that we do not need a hard copy in addition to an electronic version. Ofcom will acknowledge receipt of responses if they are submitted using the online web form but not otherwise.

Further information

- A1.5 If you want to discuss the issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact Michelle Koretz on 020 7 981 3659 or Sean O'Hara on 020 7 981 3657.

Confidentiality

- A1.6 We believe it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses on our website, www.ofcom.org.uk, ideally on receipt. If you think your response should be kept confidential, can you please specify what part or whether all of your response should be kept confidential, and specify why. Please also place such parts in a separate annex.
- A1.7 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and will try to respect this. But sometimes we will need to publish

all responses, including those that are marked as confidential, in order to meet legal obligations.

- A1.8 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's approach on intellectual property rights is explained further on its website at <http://www.ofcom.org.uk/about/accoun/disclaimer/>

Next steps

- A1.9 Following the end of the consultation period, Ofcom intends to publish a statement in September 2012
- A1.10 Please note that you can register to receive free mail Updates alerting you to the publications of relevant Ofcom documents. For more details please see: http://www.ofcom.org.uk/static/subscribe/select_list.htm

Ofcom's consultation processes

- A1.11 Ofcom seeks to ensure that responding to a consultation is easy as possible. For more information please see our consultation principles in Annex 2.
- A1.12 If you have any comments or suggestions on how Ofcom conducts its consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at consult@ofcom.org.uk . We would particularly welcome thoughts on how Ofcom could more effectively seek the views of those groups or individuals, such as small businesses or particular types of residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.13 If you would like to discuss these issues or Ofcom's consultation processes more generally you can alternatively contact Graham Howell, Secretary to the Corporation, who is Ofcom's consultation champion:

Graham Howell
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA

Tel: 020 7981 3601

Email Graham.Howell@ofcom.org.uk

Annex 2

Ofcom's consultation principles

A2.1 Ofcom has published the following seven principles that it will follow for each public written consultation:

Before the consultation

A2.2 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

During the consultation

A2.3 We will be clear about who we are consulting, why, on what questions and for how long.

A2.4 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened Plain English Guide for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

A2.5 We will consult for up to 10 weeks depending on the potential impact of our proposals.

A2.6 A person within Ofcom will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. Ofcom's 'Consultation Champion' will also be the main person to contact with views on the way we run our consultations.

A2.7 If we are not able to follow one of these principles, we will explain why.

After the consultation

A2.8 We think it is important for everyone interested in an issue to see the views of others during a consultation. We would usually publish all the responses we have received on our website. In our statement, we will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

Annex 3

Consultation response cover sheet

- A3.1 In the interests of transparency and good regulatory practice, we will publish all consultation responses in full on our website, www.ofcom.org.uk.
- A3.2 We have produced a coversheet for responses (see below) and would be very grateful if you could send one with your response (this is incorporated into the online web form if you respond in this way). This will speed up our processing of responses, and help to maintain confidentiality where appropriate.
- A3.3 The quality of consultation can be enhanced by publishing responses before the consultation period closes. In particular, this can help those individuals and organisations with limited resources or familiarity with the issues to respond in a more informed way. Therefore Ofcom would encourage respondents to complete their coversheet in a way that allows Ofcom to publish their responses upon receipt, rather than waiting until the consultation period has ended.
- A3.4 We strongly prefer to receive responses via the online web form which incorporates the coversheet. If you are responding via email, post or fax you can download an electronic copy of this coversheet in Word or RTF format from the ‘Consultations’ section of our website at www.ofcom.org.uk/consult/.
- A3.5 Please put any parts of your response you consider should be kept confidential in a separate annex to your response and include your reasons why this part of your response should not be published. This can include information such as your personal background and experience. If you want your name, address, other contact details, or job title to remain confidential, please provide them in your cover sheet only, so that we don’t have to edit your response.

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts?

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

Annex 4

Notification of a proposed approval under Designated USP Condition 1.2.2.

Notification of a proposed approval under Paragraph 4(3) of Schedule 6 of the Postal Services Act 2011

BACKGROUND

1. Ofcom in accordance with Paragraph 4(3) of Schedule 6 of the Act hereby makes the following proposal for an approval affecting the operation of a regulatory condition.
2. The Act received Royal Assent on 13 June 2011 and came into force on 1 October 2011. It transferred regulatory responsibility for postal services from Postcomm to Ofcom and the existing licensing regime was replaced with a general authorisation regime.
3. The Order came into force on 1 April 2012. It contained the component services for all postal packets which comprise the universal postal service.
4. Where a service in the Order requires delivery of a postal packet, paragraph 4 lists the methods in which delivery may be effected. Paragraph 4 (c) provides that delivery shall be effected if the postal packet has been delivered to another delivery point approved by Ofcom.
5. On 27 March 2012 Ofcom imposed on Royal Mail, in accordance with section 36 of, and paragraph 3 of Schedule 6 to, the Act and pursuant to powers and duties in section 36 and 37 of the Act, Designated USP conditions with effect from 1 April 2012, to make provision for matters set out in those sections 36 and 37.
6. Where a service required by Designated USP Condition (“DUSP”) 1 requires delivery of a postal packet, paragraph 1.2.2 of that Condition lists the methods in which delivery may be effected. DUSP 1.2.1 (c) provides that delivery shall be effected if the postal packet has been delivered to another delivery point approved by Ofcom.
7. In July 2011 Royal Mail applied to Postcomm for regulatory approval to enable it to undertake a trial of the delivery of certain undeliverable items to neighbours (the “Delivery to Neighbour” scheme).
8. Postcomm made a direction on 29 September 2011 which allowed Royal Mail to make arrangements for a trial of their proposed Delivery to Neighbour scheme.

PROPOSAL

9. Following the trial, Royal Mail has submitted a formal request to Ofcom for approval to allow neighbours of addressees of undeliverable mail to be approved to be “another delivery point” as provided for by paragraph 4 (c) of the Order and DUSP 1.2.2 (c).
10. A draft of the approval is set out in the Schedule to this Notification.

11. The effect of, and Ofcom's reasons for making, the proposal referred to at paragraph 1 and 9 above is set out in the accompanying explanatory statement.

OFCOM'S DUTIES AND LEGAL TESTS

12. Ofcom considers that the proposed approval referred to at paragraph 9 above complies with the requirements of paragraph 4(2) of Schedule 6 to the Act.
13. OFCOM has considered and acted in accordance with its principal duty in section 29 of the Act and its general duties in section 3 of the Communications Act 2003.
14. Representations may be made to Ofcom about the proposal set out in this Notification and the accompanying statement by 5pm on 12 September 2012.

INTERPRETATION

15. Except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them in this Notification.
16. In this Notification—
- (a) "**Act**" means the Postal Services Act 2011;
 - (b) "**Order**" means The Postal Services (Universal Postal Service) Order 2012;
 - (c) "**Royal Mail**" means Royal Mail Group Ltd, whose registered company number in England and Wales is 04138203.
17. For the purpose of interpreting this Notification—
- (a) headings and titles shall be disregarded;
 - (b) expressions cognate with those referred to in this Notification shall be construed accordingly;
 - (c) the Interpretation Act 1978 shall apply as if this Notification were an Act of Parliament.
18. The Schedule to this Notification shall form part of this Notification.

Signed by: Claudio Pollack

Title : Group Director, Consumer Group

A person authorised by Ofcom under paragraph 18 of the Schedule to the Office of Communications Act 2002.

Date 11 July 2012

Schedule

Proposed approval under Paragraph 4(3) of Schedule 6 of the Postal Services Act 2011 and Designated USP Condition 1.2.2

- (1) Ofcom hereby approves** the delivery to an addressee's neighbour as described in the accompanying explanatory statement as another delivery point for the purposes of paragraph (c) of DUSP 1.2.2 for the delivery of those postal packets listed at paragraph 2.
- (2)** The postal packets to which this approval applies are:

 - First Class without and with Recorded Signed For™;
 - Second Class without and with Recorded Signed For™;
 - Standard parcels (above 1kg); and
 - Articles for the blind.
- (3)** This approval shall remain in effect until it is revoked or otherwise replaced.