



Ofcom/DCA The future of the universal postal service

14 March 2024



Overview

The beginning of the process...:

Our CFI intends to encourage an informed discussion about how we ensure that the postal service is sustainable into the future.

Post remains an important means of communication:

We recognise that postal services remain a vital communications tool for many people, particularly those that are not digitally literate or connected, older individuals and those that live in rural locations.

Considered a range of evidence:

- Changes in letter and parcel volumes;
- Changes in mail users' needs and expectations;
- International experience; and
- An assessment of the financial burden of the USO.

Focus on letters:

Have not considered changes to the parcels USO.

Seeking to maintain fundamental principles of UPS:

Universality, affordability and uniform pricing.

Also emphasised that any changes to the USO must not result in a reduction in quality of service.

Users value reliability over speed:

Our research suggests that generally users value reliability and certainty over speed (as long as priority services are still available to meet next day need).

No specific proposals:

Two primary options: shifting majority of letters to a non-priority service; or reducing the minimum number of delivery days for letters.

Next steps:

Stakeholder engagement – bi-laterals and four events.
CFI closes 3 April 2024

Hope to publish an update in the summer.

Levers shared between Government, Parliament and Ofcom.

Bulk mail – key points

- Vast majority of letters (more than 8 out of 10) are bulk mail.
- Often these are the items that are important, anticipated by consumers and need to arrive in a timely way.
- Separate regulatory regime but how Royal Mail manages and delivers bulk mail broadly aligns with USO letters, given it uses the same national delivery network and offers the same frequency of delivery days.
- Like USO letters, volumes are down. While we don't expect a complete shift to digital communications in the short to medium term, we accept that prohibitive costs, uncertainty and unreliability could accelerate large users' migration plans.
- Access obligations would need to be part of any real change to delivery obligations.
- Would also lead to a broader consideration of whether the right incentives are in place in terms of QoS for access and the corresponding enforcement regime.