

## Communications Consumer Panel and ACOD's (CCP-ACOD/the Panel) response to Ofcom's Consultation on the Future of the Universal Postal Service, April 2025

### Who we are

The Communications Consumer Panel, established by the Communications Act 2003, is a group of independent experts with direct sectoral experience. We ensure the citizen and consumer voice is represented in communications policy development and we have dual membership with Ofcom's Advisory Committee for Older and Disabled People.

The Panel pays particular attention to underserved communities, people with access requirements, and people who may be more susceptible to harm, and the needs of micro businesses, which have many of the same problems as individual consumers.

We carry out research, provide advice, and encourage Ofcom, governments, industry, and others to look at issues through the eyes of consumers, citizens, and micro businesses.

Four members of the Panel also represent the interests of consumers in England, Northern Ireland, Scotland, and Wales, respectively. They liaise with the key stakeholders in each Nation to understand the perspectives of consumers in all parts of the UK and input these perspectives to the Panel's consideration of issues.

### A brief summary of our response

- We recognise that the current Universal Service Obligation (USO) regime is failing both postal users and Royal Mail itself and we welcome a degree of well-measured change to ensure the sustainability of a Universal Postal Service for UK consumers, citizens and micro-businesses.
- We have reservations about the changes proposed, as we do not believe that they will enable Royal Mail to provide a more 'Reliable' or 'Affordable' service - the pillars of the service that are most appreciated by postal users - and we believe that some postal users who rely on the postal service will need to pay more for a guaranteed service or miss out.
- We welcome Ofcom's consumer research but find some of the results counterintuitive.
- We have specific concerns around the delivery of the service to specific communities across the UK, including rural communities, people awaiting medical appointments, and benefit recipients, and the use of post by bulk mailers and smaller businesses, under the proposed new regime.
- We strongly urge that Ofcom retains the Second-Class Safeguard Cap; any alternative proposals should - in our view - be treated as additional options rather than solutions.
- We question the proposal of a two-week cyclical Second-Class postal service, which we think will cause confusion among recipients and senders.
- We are deeply concerned about the diminishing social role of the 'postie' and - if these proposals are accepted - the impact on posties' livelihoods, particularly in rural communities, of a less predictable working schedule. We are also confused by Ofcom's comments about their remit in terms of social value.

- We wonder how much forecasting has been done to understand the impact of these proposals on the EBIT returns of Royal Mail and what the impact might be if the proposals do not bring the required return - might Royal Mail request further changes to the USO?
- We recommend that the innovative 'tail of the mail' monitoring concept is applied solely as a business process improvement metric and is not used as a target, with Royal Mail's Quality of Service continuing to be measured for enforcement purposes, against the principal target.

## Our response

The Panel welcomes the opportunity to respond to Ofcom's consultation on proposed changes to the obligations and framework of the postal Universal Service Obligation (USO), on Royal Mail, the Universal Service Provider (USP).

We recognise that the current USO regime is failing both consumers and Royal Mail itself, as is evidenced by its repeated failure to meet Quality of Service targets, the fines levied upon by Ofcom for such failure, the numerous price increases in postage over recent years and consumer dissatisfaction with the service received for the price they are paying for it. However, we have reservations as to the manner of the proposals being consulted upon and, more particularly, how those changes affect postal users who rely on the Universal Postal Service.

The Panel therefore has underlying concerns that the reforms proposed by Royal Mail will not put the user at the heart of the service.

We previously urged Ofcom to listen to the voice of postal users before setting any proposals, and we welcome the research conducted by Ofcom in respect of consumer needs, which we will comment upon in our response.

Research conducted over a number of years has consistently confirmed that postal users consider Reliability, Affordability and Geographically Uniform Prices (one price goes anywhere) as essential traits of the USO.

Elements of Ofcom's consultation questions overlap and therefore the Panel has chosen to respond in a thematic way, cross-referencing to the consultation questions.

### Affordability (Question 2.1)

It is essential not only for the continuing existence of Royal Mail that postage remains affordable, but that it does so for all consumers who use the service. We passionately believe that the principle of Geographically Uniform Pricing that Ofcom endorses and pledges to maintain in this review, is retained. Ofcom's consumer evidence has shown that the overwhelming majority of consumers use or see a continuing need for a postal service in the future. This is particularly true for those who do not have access or the ability to use alternative communication avenues (e.g. lack of/poor internet or mobile connection, inability or fear of using technology), and those who are dependent upon mail for a host of reasons, whether that be as recipients of highly sensitive or important documentation or because of their geographical location.

The question over "Affordability" is complex and one which the Panel believes Ofcom should keep under scrutiny. The Second-Class Safeguard Cap is at present a form of consumer protection maintained by Ofcom to protect those who need to use the post but for whom

household costs of all kinds are a challenge to their family budget. The Panel is a strong advocate that the cap should remain in place.

However, Royal Mail is free to set the price of First-Class postage so long as it is “affordable,” and this applies to both Registered and Insured items services. The price of First-Class postage has doubled in the last five years and increased three times between October 2023 and October 2024. Recently, Royal Mail announced further increases from 7<sup>th</sup> April 2025, to both First- and Second-Class postage prices, Large Letters and Parcels, Special Delivery Guaranteed, Signed For, and Tracked products.

Ofcom accepts that in real terms the pricing of postal services is detrimental to lower income households but still considers the cost of postage ‘affordable.’ In its research, Affordability was seen as three times more important than delivery of Second-Class post within three days, with delivery within four to five days being acceptable to the majority.

However, the proposition proposed by Ofcom - that if consumers do not like the new delivery proposals for Second Class post they can opt for faster alternatives, is not so simple. As the cost of First-Class mail is not regulated, then, as we have very recently seen, Royal Mail is free to set and increase the price of it as it sees fit.

In conjunction with the proposals to downgrade the Quality-of-Service targets on First Class deliveries, which has a direct impact on value for money, the Panel believes that the question of Affordability for those households that struggle to balance their household budgets, should be reconsidered. We are concerned about households that are potentially financially vulnerable, but either do not apply or do not qualify for benefits, so may be missed in Royal Mail’s estimation of low-income households.

We would suggest that Ofcom considers postal service costs as a proportion of disposable income. This will more accurately reflect the impact upon those households for whom income is tight, but outgoings ever rising.

In relation to time-sensitive post, the significant gap between Second Class postage and Next Day Guaranteed Delivery by 1pm, is such that those on a tight budget will not be able to simply pay the large additional cost. Next Day Guaranteed Delivery by 1pm will rise to a starting price of £8.75 (£8.15 online) for 100g. However, our experience in Northern Ireland tells us that sometimes, Royal Mail will not even guarantee such a delivery. It is also not an answer to those without access or the ability, to purchase postage online at a cheaper rate. We are also aware that as Quality of Service has been so unreliable in Northern Ireland, people who can ill-afford it have been paying First Class postage costs, for reassurance. We believe this should not be viewed as free choice, but as an unwelcome burden.

We would strongly urge that Ofcom considers the safeguarding of Second-Class post as more than an afterthought. We are aware that initiatives have been mooted to assist financially vulnerable households with the cost of postage, but there are no concrete proposals linked to this review of the USO. Alternative options should be considered additional options, rather than replacements for the Second-Class Safeguard Cap.

### **Reliability and User Needs (Questions 2.1; 3.1; 3.2)**

In its Equality Impact Assessment, Ofcom has considered various groups of postal users who may be affected by its proposals to maintain the current First-Class delivery regime, and to remove



Second Class deliveries on Saturday, while introducing a two-week cycle of Second-Class deliveries on alternate days.

In its deliberations and based upon its research, Ofcom acknowledges that postal users with restricted mobility would feel isolated if they could not send or receive post and are more likely to see post as an important means of communicating with friends and family. They are also significantly more likely to receive healthcare appointment letters and benefits related paperwork by post.

Similarly, Ofcom sees postal users in rural locations as being more reliant on postal services, due to poorer digital infrastructure than urban areas, and, therefore, feeling more isolated, especially in Scotland in the Highland and Islands regions. Superfast broadband coverage in rural areas is at 89% as opposed to 98% in urban areas. In its research, Ofcom states that rural users do *not* report that their needs will *not* be met by the change to delivery speed.<sup>1</sup> The same logic is applied to postal users who are not necessarily in rural areas but who have lower access to, or use of, the internet.

The Panel considers that the results as presented by Ofcom on this are counterintuitive and further review and research would, in our view, be wisely undertaken. It could be an anomaly in the way the data was collected that has produced such a result (e.g. online responses are more honest than face to face due to the anonymity of the collection method) or that such consumers believe that they are already so poorly served that any change will make no material difference to them.

The Panel would also point to Ofcom's 2023 qualitative research, "Understanding the needs of Postal Service Users - a report of findings from qualitative research with a focus on potentially vulnerable groups." Older users are seen as being more reliant on post and less likely to use internet at home. They are regarded as less digitally connected than younger users, but still value reliability and affordability rather than speed of delivery.

Overall, Ofcom's research showed that most domestic postal users and SMEs said that deliveries three or five times a week would be sufficient and did not object to losing deliveries on Saturdays. Both groups valued weekday deliveries.

Ofcom does not believe that reliance on post equates to needs. Ofcom points to its research results that show that overall, only 4% of UK adults (and 1% of SMEs) said changes to Second Class deliveries would have a 'significant impact' upon them.

The Panel accepts the logic that reliance on post does not necessarily equate to 'need' in general but does not believe that it can be said to be true of all types of receivers and senders of post, in all circumstances. Ofcom interprets the research results as that most respondents in this category thought that the changes would be an inconvenience rather than a significant harm. It dismisses those who thought it would be a big inconvenience.

The Panel believes Ofcom should look at the combined impact upon the various categories of post recipients who state that the change would be a big inconvenience or would cause significant harm or difficulty. The tables below are extracted from the Ofcom research<sup>2</sup>:

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<sup>1</sup> [Ofcom Post User Needs survey research 2024 - Technical Report – prepared by BMG Research](#) residential user data, table 204.

<sup>2</sup> [Post User Needs Research report](#) pages 29-32

**Recipients of healthcare or benefits-related letters are more likely to say changes would cause substantial harm or difficulties:**

**Impact on specific post types where received**

Type of post	Big Inconvenience	Significant harm or difficulty	Total
Medical test results	30%	15%	45%
Hospital/Doctor Appointments	27%	12%	39%
Benefits letters and paperwork	23%	10%	33%
Other public bodies	19%	7%	26%
Bills, bank statements and invoice	17%	9%	26%

**All Respondents:**

**Impact on specific post types where received**

Type of post	Big Inconvenience	Significant harm or difficulty	Total
Medical test results	23%	12%	35%
Hospital/Doctor Appointments	24%	10%	34%
Benefits letters and paperwork	15%	6%	21%
Other public bodies	17%	6%	23%
Bills, bank statements and invoice	15%	8%	23%

For healthcare related post, those receiving benefits and who have any limiting or impacting conditions are more likely to cite substantial harm/difficulty because of the proposed changes

**Impact on receiving medical test results amongst those who receive this letter type**

Type of Recipient	Big Inconvenience	Significant harm or difficulty	Total
Receive benefits	33%	16%	49%
Limiting condition	31%	20%	51%

**Impact on receiving hospital/doctor's appointment letters amongst those who receive this letter type**

Type of Recipient	Big Inconvenience	Significant harm or difficulty	Total
Receive benefits	28%	14%	42%
Limiting condition	32%	14%	46%

NHS leaders have been quoted in the press, as stating that un-received letters are the cause of the majority of missed patient appointments. While we acknowledge that Royal Mail has attempted to be innovative by suggesting the introduction of a 'Hospital Stamp', we believe this is a concessionary action that implies that Royal Mail does not believe its own proposals will maintain a Universal Postal Service that meets the basic needs of UK consumers and citizens.

We would also highlight differences across the UK Nations. For example, in Wales, hospital waiting times are longer, on average, than those in the rest of the UK. If the letter notifying an appointment is delayed, the recipient may be more likely to miss the appointment and more likely to continue waiting - with potentially devastating consequences for an individual waiting for a diagnosis or operation or attempting to maintain a monitoring regime.

Suggesting that the senders of such mail should use First Class or other more speedy mail products is not a feasible solution.

We believe it is also essential that the impacts upon Bulk Mailers (and small businesses) are fully understood and taken into consideration. Given that Bulk Mailers feed the greatest part of the letters market and operate for key senders (such as the NHS), the effects of the proposals in terms of direct and indirect cost, speed of delivery and the wider economic bearing upon senders. If they are urged to amend the way they use postal services, they may instead move to digitise more of their communications, which will have an impact on postal users who are digitally excluded.

The consultation document acknowledges that free services to blind and partially sighted postal users are to remain unchanged, but it is silent as to whether recipients of such mail items can expect them to be delivered by First or Second-Class delivery (consistently with the delivery class currently used) and the Panel would welcome clarity on that.

### **Changes to delivery cycles of Second-Class Mail (Questions 2.1;5.1)**

The Panel has concerns around sender and recipient confusion, with Ofcom's proposal to have a two-week rolling cyclic delivery pattern.

The idea that any postal user will be aware whether they are in week one or week two of the delivery cycle is not realistic. They will not know when a Second-Class post item is due to be delivered and if it has not whether it has been delayed or lost. As a sender, it is unclear how anyone will know which delivery cycle the intended recipient is on. The cycle will differ from Delivery Area to Delivery Area. This is a level of information that no sender will be aware of.

Table 5.2 of the Consultation document and the example at paragraph 5.33<sup>3</sup> demonstrates that in some instances under the proposal, Royal Mail would have one opportunity to deliver a Second-Class item as opposed to three under the current regime to still meet its Quality-of-Service target. Given the series of failures by Royal Mail to achieve the current target of three days, it is hard to imagine that it will be able to do so in two.

A simpler way of achieving Reliability and meeting postal user needs may be to reduce Second-Class deliveries to three days, every week.

The Consultation states that collections will remain the same. So, post boxes will be emptied as usual and the mail segregated, First-Class post actioned and Second-Class processed under a slower procedure. However, there is an interconnection here with the move by Royal Mail to do collections at the same time as deliveries ('Collection-on-Delivery'), which is a policy that we

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<sup>3</sup> [Consultation: Review of the universal postal service and other postal regulation](#), Table 5.2 page 76



believe was introduced without considering the impact on postal users. As many of the non-priority post boxes have a last collection at 9am (weekdays) and 7am (on a Saturday), unless a sender is aware of this and can physically manage to get to their nearest non-priority post box by the allotted time, then their item will not be collected until the following day.

Any suggestion that Post Offices can act as a more reliable ‘hub’ for sending items with a more guaranteed reasonable collection time, may not prove to be correct. Crown branches have all but disappeared in a closure programme, and many sub-Post Offices have also been closed/relocated, with a greater reliance in rural areas on “Outreach Services,” i.e. mobile Post Offices that may visit an area or set up in village halls on limited occasions and times per week.

The Panel is aware that Royal Mail has been conducting trials in certain postcode areas of the new delivery regime for Second Class mail. While we welcome trials, we note that assessment of the outcome of such trials is based upon operational aspects and impacts upon Royal Mail, rather than the consumer experience. This reinforces our concerns that the proposals do not have the postal user at their heart. We also have concerns about Royal Mail’s choice of postcode areas in which to operate the trials. We would like to understand the rationale behind the list, as we perceive that the list may not be representative of all communities.

### **Changes to Quality-of-Service, and to Quality-of-Service Monitoring (Questions 6.1; 6.2; 6.3; 6.4; 6.5)**

The Panel notes the fact that in general people’s needs have changed, and that Ofcom believes it needs to strike a balance between needs and preferences vs cost and consequential pricing impacts.

However, we would ask what assurance Ofcom has that the Royal Mail is going to be willing and able to adhere to the outcome of the consultation and retain a Universal Postal Service that is universal in spirit, not just in title, and is Affordable and Reliable to all.

The Panel does not regard the proposed new targets to be unreasonable but would warn against a slow and ever downward erosion of those standards. We estimate - using publicly available information - that last year, none of the postcode area delivery statistics were met, this year so far only one will have been met, and that overlaying the new, reduced targets over the results for each of the 118 postcode areas this year to date, would have resulted in between four and eight postcode area targets having been met, per quarter.

The Panel has further concerns that UK-wide statistics may show an adequate service being provided to postal users, but certain communities (NI, rural and remote) will be missed in the averaging of the data.

Ofcom proposes to introduce new “tail of mail” targets, to record where mail has missed original target and has taken an extended period in which to arrive. The new “tail of the mail” concept will show how far off-target Royal Mail are on their normal Quality of Service targets, so will show how many items failed to be delivered by a long way. However, the proposed new targets are generous in terms of the number of days late that would be ‘acceptable’ (three or five days beyond due delivery date). The Panel has deep concerns that these additional targets would be used as mitigation or an excuse in terms of influencing Ofcom’s decision to investigate any failure of the original targets, to impose a fine for failing to meet those targets, or for imposing a lesser fine. This idea gives Royal Mail the opportunity to have a “second bite at the cherry” when it fails the principal targets.

The Panel would urge that the “tail of the mail” targets, are not to be labelled as ‘targets,’ but as process improvement metrics. We fear that the ‘tail of the mail’ target could become the

accepted target, in place of the principal target. We believe that the set of measurements upon which Royal Mail should be judged is the principal Quality of Service targets and recommend that the ‘tail of the mail’ is measured and monitored for transparency and process improvement purposes only.

If the ‘tail of the mail’ is implemented as a target, against our advice, we would wish Ofcom to scrutinise its impact. We would advise Ofcom to consider the law of unintended consequences; slight changes in enforcement behaviour can lead to random changes in behaviour that had not been predicted and can have negative impacts on all postal users, including those who rely heavily on post.

### **Sustainability of the USO (Questions 7.2; 7.3)**

The Panel accepts that Royal Mail must be allowed to make a reasonable EBIT return to sustain the company and the USO. However, we would advise that pressure to finalise these reforms could lead to potentially ill-considered outcomes.

The role that “posties” can provide a social service in the communities that they serve. Typically, looking out for the customers they know, especially if considered to be in vulnerable circumstances, and alerting authorities if something is amiss (e.g. milk not collected from the doorstep or curtains not pulled for several days).

Amidst our more general concerns about the erosion of the social role of the postie, we are concerned around the changes to working patterns, particularly in rural areas, where posties might have different jobs and need certainty of their working hours per week. The delivery changes proposed, the greater workload put on posties and the economising that may follow the Kretinsky takeover of Royal Mail will see a profound erosion of this valuable social role.

With the financial difficulties of Royal Mail, working terms and conditions have led to industrial action.

In its Consultation document, Ofcom has said that the social role of posties is not part of Ofcom’s assessment of the USO by law, but that it has been considered in Ofcom’s consideration of the delivery of Second-Class post<sup>4</sup>. The Panel is confused by Ofcom’s inconsistent approach to this.

The Panel would like to see a broader discussion of alternative proposals to the current USO and the impact that they potentially could have upon improving the EBIT of Royal Mail. It would appear difficult to assess the impact of the two-week rotation on EBIT. We also wonder what the outcome will be if the changes proposed are put into effect and do not increase EBIT; will more changes be proposed by Royal Mail?

We are disappointed that Ofcom has not done more to unpick Royal Mail’s Reported Business into USO costs and non-USO costs, as we stated in response to Ofcom’s previous Call for Inputs<sup>5</sup>.

Each time Royal Mail has been fined for missing its Quality-of-Service targets, the Panel has been assured that Ofcom was working closely with Royal Mail regarding its recovery plan, though evidence that such plan yielding results has failed to materialise. We would urge that Ofcom

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<sup>4</sup> [Consultation: Review of the universal postal service and other postal regulation](#) para 3.12

<sup>5</sup> <https://www.communicationsconsumerpanel.org.uk/downloads/ccp-acod-response-to-ofcom-cfi-on-postal-services-uso-final.pdf>



does not lose momentum once this review is complete and looks to provide ongoing protection for postal users in the form of formal, transparent monitoring of the impact of the changes.

On the topic of transparency, we believe that any changes to the Universal Postal Service that affect UK postal users should be communicated to all UK postal users through a variety of channels.

We also believe that Ofcom has a role in future-proofing the Universal Postal Service beyond the term of its new three-year plan and we seek assurance from Ofcom that they will have future postal user needs in mind when determining the outcome of this consultation.

In conclusion:

- The Panel accepts that reform of the USO is necessary, and that Affordability and Reliability are key components that consumers look for in the postal service.
- We agree that Speed is not necessarily a key element, but we disagree with Ofcom that there are sufficient affordable alternatives available to all domestic consumers. Those who struggle financially cannot afford now Premium options and as an unregulated service, First Class postage will increase in price on a regular basis as we have seen multiple times over the last few years.
- We believe that Geographically Uniform pricing and maintaining a Safeguard Cap on Second Class post are non-negotiable elements of the USO.
- The Panel accepts that Royal Mail needs to be financially viable, but considers a wider discussion of alternative options, and the consequences upon Royal Mail's EBIT, to those proposed would be useful.
- Domestic mail is underpinned by smaller businesses and Bulk Mailers and any changes to the USO must include the needs and consideration of the wider financial impacts upon them.
- Based upon the research upon which the Consumer and Equality Assessments are based, we believe that the proposals would have a greater detrimental effect upon non-internet users, older people and postal users who rely on post for health, benefits, and financial matters.
- The Panel notes with regret that the wider societal role of posties is likely to be reduced or lost altogether.
- The Panel does not agree with the proposed rotating delivery regime which we consider would lead to uncertainty and confusion and would do nothing to promote Reliability, which is a key element of the postal service that consumers need.
- The Panel is agnostic as to the reduction of the existing Quality of Service targets, but fears that the diminution of these will lead to a further erosion of standards.
- The Panel believes that if treated as 'targets' the proposed "tail of the mail" metrics will undermine the principal targets, and they should instead be seen as process improvement metrics.
- We believe that any changes to the Universal Postal Service that affect UK postal users should be communicated to all UK postal users through a variety of channels.
- We believe that Ofcom has a role in future-proofing the Universal Postal Service beyond the term of its new three-year plan and we seek assurance from Ofcom that they will have future postal user needs in mind when determining the outcome of this consultation.