

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Recovering Postal Regulation and Consumer Advocacy Costs – A Review

To (Ofcom contact): Richard Orpin

Name of respondent: David Robottom

Representing (self or organisation/s): BBC Licence Fee Unit

Address (if not received by email):

CONFIDENTIALITY

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

Nothing	<input type="checkbox"/>	Name/contact details/job title	<input type="checkbox"/>
Whole response	<input type="checkbox"/>	Organisation	<input type="checkbox"/>
Part of the response	<input type="checkbox"/>	If there is no separate annex, which parts?	

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Name David Robottom

Signed (if hard copy)

Final

**Recovering Postal Regulation and Consumer
Advocacy Cost- A Review**

BBC Licence Fee Unit Submission

David Robottom 21st September 2017

1.1 Executive Summary

- An effective regulatory regime and an effective consumer advocacy is fundamental to the UK postal market. It ensures both business and consumer trust and confidence in the UK postal system.
- A transparent, equitable and fair system for recovering postal regulation and consumer advocacy costs is a vital element in ensuring and maintaining business, stakeholder and consumer trust and confidence in the UK postal system.
- Single piece end to end letter delivery services, although not part of the Universal service are in essence a proxy for universal services in the geographic areas they are offered.
- Bulk mail and access services are a significant proportion of the UK letters market. Access and bulk mail benefit from the regulatory regime.
- The regulatory regime monitor's Royal Mail compliance to access conditions. This in itself conveys a benefit to postal operators providing access mail services.
- Bulk mail is considered within the scope of the universal postal service.
- SMEs can now access bulk mail services and access services due to the reduction in entry levels introduced by Royal Mail and access operators.
- Using Ofcom's guiding principles in terms of transparency, fairness, equity, cost-reflectivity and relevance, turnover from access operators should be calculated on a net basis after the deduction of the Royal Mail access charge.
- Parcel services have featured on a minimal basis in Ofcom's consultations and analysis. As such they have utilised a small element of budget and resource. Currently they are not a key element in the regulation of the postal market. Therefore they for the present should be not included in the setting of the administration charges. Of course this can be reviewed in the future where the regulatory burden imposed by parcel sector may grow significantly.
- By reducing the minimum revenue threshold, regulatory cost contribution as a barrier to entry is greatly reduced.
- The proposed minimum threshold brings postal sector in line with other markets regulated by Ofcom ensuring fairness and transparency.
- The proposed changes to CP1 ensure that Ofcom's costs of postal regulation are recovered from those postal operators that are either the subject of or benefit from Ofcom's work.
- Consumer confidence in postal services is fundamental to mail users and postal operators. The changes to CP1 ensure the consumer advocacy bodies receive contributions from postal operators which ensures continued confidence in the postal services and the consumer protection bodies.

2.1 Introduction

2.1.1 The BBC Licence Fee Unit welcomes the opportunity to submit evidence to Ofcom's Recovering Postal Regulation and Consumer Advocacy Costs – A Review consultation.

2.1.2 The BBC contracts with a number of companies to administer the television licensing system (together with the BBC Licence Fee Unit Management Team these companies are known publicly as TV Licensing). The BBC Licence Fee Unit sits within the BBC Finance and Business Division, and ultimately reports to the BBC Executive Board. The BBC is governed by the BBC Trust which represents the interests of licence fee payers and approves the overall strategy.

2.1.3 TV Licensing inform people of the need to buy a TV licence. TV Licensing send licence renewal letters and we process queries, applications and payments. TV Licensing also maintain a database of licensed and unlicensed addresses in the UK and use this data to identify and visit people who are believed to be using a TV receiver without a valid licence.

2.1.4 The BBC Licence Fee Unit uses the UK postal system: Access and Royal Mail Retail, to communicate with consumers. The BBC Licence Fee Unit mails approximately 55m communications each year. This mail is classified as transactional mail.

2.1.5 The BBC Licence Fee Unit is obligated to drive efficiencies regarding postal costs to the business on behalf of all licence fee payers. The BBC Licence Fee Unit constantly seek to evidence commitment to reducing costs and to continuously evaluate and deliver value to the British public.

3.1 Issues raised in Ofcom's Recovering Postal Regulation and Consumer Advocacy Costs – A Review Consultation.

1. Question 1: Do you agree that revenues from single piece end-to-end letter delivery services should be taken into account for the purposes of setting administrative charges? Please give your reasons.

We agree that revenues from single piece end-to-end letter delivery services should be taken into account for the purposes of setting administrative charges, and would make the following comments:

- An effective regulatory regime and an effective consumer advocacy is fundamental to the UK postal market. It ensures both business and consumer trust and confidence in the UK postal system. A transparent, equitable and fair system for recovering postal regulation and consumer advocacy costs is a vital element in ensuring and maintaining business, stakeholder and consumer trust and confidence in the UK postal system.
- Single piece end to end letter delivery services, although not part of the Universal service are in essence a proxy for universal services in the geographic areas they are offered.
- Providers of these services benefit from and are also subject to Ofcom's regulatory work.

2. Question 2: Do you agree that revenues from bulk mail and access services should be taken into account for the purposes of setting administrative charges? Please give your reasons.

We agree that revenues from bulk mail and access services should be taken into account for the purposes of setting administrative charges and have the following comments to make:

- Bulk mail and access services are a significant proportion of the UK letters market. Access and bulk mail benefit from the regulatory regime.
- The regulatory regime monitor's Royal Mail compliance to access conditions. This in itself conveys a benefit to postal operators providing access mail services.
- Bulk mail is considered within the scope of the universal postal service.
- SMEs can now access bulk mail services and access services due to the reduction in entry levels introduced by Royal Mail and access operators.

3. Question 3: Do you agree that turnover from access revenues should be calculated on a net basis (i.e. after the deduction of access charges to Royal Mail)? Please give your reasons.

We agree that turnover from access revenues should be calculated on a net basis (i.e. after the deduction of access charges to Royal Mail), and have the following comments to make:

- A high proportion of the access charge is retained by Royal Mail. Access operators make no return on the Royal Mail access charge, it is purely a cost to the access operator. Using Ofcom's guiding principles in terms of transparency, fairness, equity, cost-reflectivity and relevance, turnover from access operators should be calculated on a net basis after the deduction of the Royal Mail access charge.

Final

4. Question 4: Do you agree that turnover from parcel services should not be taken into account for the purpose of setting administrative charges? Please provide your reasons.

We agree that turnover from parcel services should not be taken into account for the purpose of setting administrative charges, and have the following comments to make:

- Parcel services have featured on a minimal basis in Ofcom's consultations and analysis. As such they have utilised a small element of budget and resource. Currently they are not a key element in the regulation of the postal market. Therefore they for the present should be not included in the setting of the administration charges. Of course this can be reviewed in the future where the regulatory burden imposed by parcel sector may grow significantly.

5. Question 5: Do you agree that the minimum revenue threshold for payment of administrative charges should be lowered to £5m? Please explain why.

We agree that the minimum revenue threshold for payment of administrative charges should be lowered to £5m, and have the following comments to make:

- By reducing the minimum revenue threshold, regulatory cost contribution as a barrier to entry is greatly reduced.
- The proposed minimum threshold brings postal sector in line with other markets regulated by Ofcom ensuring fairness and transparency.

6. Question 6: Do you agree with the proposed changes to CP1 that are set out in Annex 6? Please provide your reasons.

We agree with the proposed changes to CP1 that are set out in Annex, and have the following comments to make:

- The proposed changes to CP1 ensure that Ofcom's costs of postal regulation are recovered from those postal operators that are either the subject of or benefit from Ofcom's work.
- Consumer confidence in postal services is fundamental to mail users and postal operators. The changes to CP1 ensure the consumer advocacy bodies receive contributions from postal operators which ensures continued confidence in the postal services and the consumer protection bodies.