

Statutory Notification: proposed designated USP conditions

NOTIFICATION OF PROPOSALS TO IMPOSE REGULATORY CONDITIONS IN ACCORDANCE WITH SECTION 36 AND 37 OF, AND PARAGRAPH 3 OF SCHEDULE 6 TO, THE POSTAL SERVICES ACT 2011

BACKGROUND

A. On 23 March 2001, the Postal Services Commission (“**Postcomm**”) granted to Royal Mail a licence (the “**Licence**”) under section 11 of the Postal Services Act 2000. The Licence included Conditions requiring Royal Mail to provide a universal service.

B. On 13 June 2011, the Postal Services Act 2011 (the “**Act**”) received Royal Assent, which Act makes provision (among other things) about the new regulation of postal services. The new regulatory regime is set out in Part 3 of the Act, which Part came into force on 1 October 2011 and on which day the regulatory responsibility was also transferred from Postcomm to Ofcom. The provisions of the Act 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.

C. On 29 September 2011, following a consultation, Ofcom published a statement entitled ‘*Postal regulation: Transition to the new regulatory framework*’¹ (the “**September Statement**”) setting out various decisions, including the provisional designation of Royal Mail as universal service provider with effect from 1 October 2011 under paragraph 3(1) of Schedule 9 to the Postal Services Act 2011 (see Annex 1 to that Statement). Ofcom also imposed various regulatory conditions and directions in accordance with the transitional provisions under section 66 of, and paragraphs 4 to 6 of Schedule 9 to, the Act, including conditions relating to access to Royal Mail’s postal network to carry forward corresponding conditions in the Licence (see Annex 2 to the September Statement).

D. Ofcom is proposing changes to those regulatory conditions, which it proposes to implement with effect from 1 April 2012 by revoking the regulatory conditions in their entirety (with the exception of certain paragraphs of Acc 1) and replacing them as proposed in this consultation.

PROPOSAL

1. Ofcom hereby proposes, 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, to impose on Royal Mail Designated USP conditions with effect from 1 April 2012, to make provision for matters set out in that section 36 and 37.

2. The proposed Designated USP conditions are specified in the Schedules hereto.

¹ <http://stakeholders.ofcom.org.uk/binaries/consultations/postal-regulation/statement/statement.pdf>

3. The effect of, and Ofcom's reasons for making, this proposal are set out in the accompanying consultation document.

OFCOM'S DUTIES AND LEGAL TESTS

4. Ofcom is satisfied that this proposal satisfies the general test in paragraph 1 of Schedule 6 to the Act and that the imposition of this condition is necessary for the purposes in section 29(3) of the Act.

5. In making this proposal, 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.

MAKING REPRESENTATIONS

6. Representations may be made to Ofcom about the proposal set out in this Notification by no later than **31 January 2012**.

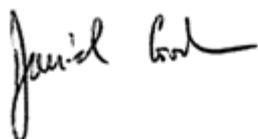
7. Copies of this Notification and the accompanying consultation document have been sent to the Secretary of State in accordance with paragraph 5(1)(a) of Schedule 6 to the Act and to the European Commission in accordance with paragraph 5(2) of Schedule 6 to the Act.

8. By virtue of paragraph 3(5) of Schedule 6 to the Act, Ofcom may give effect, with or without modifications, to a proposal with respect to which it has published a notification only if Ofcom has—

- (a) considered every representation about the proposal that is made to Ofcom within the period specified in this Notification; and
- (b) had regard to every international obligation of the United Kingdom (if any) which has been notified to Ofcom for this purpose by the Secretary of State.

9. The Schedule to this Notification shall form part of this Notification.

Signed by **Daniel Gordon**

A handwritten signature in black ink, appearing to read 'Daniel Gordon', written in a cursive style.

Competition Policy Director

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

13 December 2011

SCHEDULE 1

DESIGNATED USP CONDITION 1 SERVICES, ACCESS POINTS, PERFORMANCE TARGETS, NOTIFICATION AND PUBLICATION AND CONTINGENCY PLANNING

1.1. Application, definitions and interpretation

DUSP 1.1.1	This Designated USP condition (“ DUSP Condition ”) shall apply to the <u>universal service provider</u> .
DUSP 1.1.2	<p>In this DUSP Condition—</p> <p>(a) “Act” means the Postal Services Act 2011 (c.5);</p> <p>(b) “actual routing time” means the period in <u>working days</u> between the <u>deemed date of collection</u> of a <u>postal packet</u> and the <u>deemed delivery date</u> of that packet;</p> <p>(c) “addressee postal service” means any of the services required by DUSP 1.5;</p> <p>(d) “appointed date” means 1 October 2011;</p> <p>(e) “appropriate testing methodology” means a testing methodology which is :</p> <ol style="list-style-type: none"> i. representative of the range of services and customers for whom these performance targets are relevant; ii. capable of providing results with measurable statistical significance; and iii. compliant with Article 16 of the <u>Directive</u>; <p>with reference where relevant to harmonised standards adopted under Article 20 of the <u>Directive</u>².</p> <p>(f) “blind” means registered as blind under the provisions of the National Assistance Act 1948;</p> <p>(g) “Certificate of Posting” means a document issued or validated by a <u>post office</u> affirming that a <u>postal packet</u> has been deposited for conveyance;</p> <p>(h) “Christmas period” means the period commencing on the first Monday in December in any year and ending at the start of the first working day after the New Year public holiday in the following year or, in Scotland, at the start of the first <u>working day</u> after the Scottish New Year public holiday in the following year;</p> <p>(i) “Council” means the National Consumer Council established by s.1 of the Consumers, Estate Agents and Redress Act 2007;</p> <p>(j) “deemed date of collection” means</p> <ol style="list-style-type: none"> (i) in the case of a <u>postal packet</u> deposited at an <u>access point</u>

²See CEN EN 13850:2002+A1:2007 *Postal services - Quality of service - Measurement of the transit time of end-to-end services for single piece priority mail and first class mail.*

in the United Kingdom on a day on which no collection is required under DUSP 1.3, the next day on which a collection is required under DUSP 1.3;

(ii) in the case of a postal packet deposited in a letter box in the United Kingdom on which, or at a post office in the United Kingdom at which, a time for last collection is advertised, after the time for last collection on a day on which a collection is required under DUSP 1.3, the next day on which a collection is required under DUSP 1.3;

(iii) in any other case where the access point is in the United Kingdom, the date of deposit;

(iv) in the case of a postal packet deposited at an access point outside the United Kingdom, before a last collection time notified in accordance with the rules of the country in question, the date of deposit; and

(v) in the case of a postal packet deposited at an access point outside the United Kingdom, after a last collection time notified in accordance with the rules of the country in question, the next day upon which a collection is required under the rules of that country; and

(vi) in any other case where the access point is outside the United Kingdom, the date of deposit.

(k) “deemed delivery date” means the earlier of-

(i) the date upon which a postal packet is deposited at the address given on the packet;

(ii) the date upon which a postal packet is handed to the individual named as the addressee on the packet;

(iii) the date upon which delivery to the address given on the postal packet is attempted, but fails due to the size of the packet or the unavailability of the individual named as the addressee on the packet;

(iv) the date upon which the postal packet is delivered to an alternative address or identified and delayed in accordance with the terms of an addressee postal service.

(l) “delivery office” means an office managed by the universal service provider for the purposes of processing postal packets immediately prior to the activity of delivery to the address or addressee;

(m) “Directive” means Directive 97/67/EC of the European Parliament and of the Council on common rules for the development for the development of the internal market of Community postal services and the improvement of quality of service, as amended by Directive 2008/6/EC of the European Parliament and of the Council on amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services;

(n) “domestic service” means a postal service for the conveyance of postal packets from access points in the United Kingdom to addresses in the United Kingdom;

(o) “EC transfer point” means a facility for—

(i) the collection by a universal service provider of postal packets originating from a country within the European Community other than the United Kingdom, for onward conveyance and delivery within the United Kingdom; or

(ii) the deposit by a universal service provider of postal packets

originating from the United Kingdom, for onward conveyance and delivery to a country within the European Community other than the United Kingdom;

(p) “eligible items” means

- (a) books, papers and letters which are prepared for use by blind or partially sighted people,
- (b) papers sent to anyone to be prepared or impressed so blind or partially sighted people can use them,
- (c) relief maps, machines, frames and attachments for making impressions for blind or partially sighted people to use,
- (d) writing frames and attachments for blind or partially sighted people to use,
- (e) Braille instruction manuals,
- (f) games (including card games) for blind or partially sighted people,
- (g) mathematical appliances and attachments for blind or partially sighted people,
- (h) recordings of readings from printed sources, such as books, journals, newspapers, periodicals or similar publications,
- (i) equipment used to play such recordings,
- (j) metal plates impressed or sent for impressing for use by blind or partially sighted people,
- (k) supplies of covers, envelopes and labels for sending articles for use by blind or partially sighted people,
- (l) watches, clocks, timers, tools and measuring equipment designed for blind or partially sighted people to use,
- (m) walking sticks adapted for blind or partially sighted people,
- (n) harnesses for guide dogs; and
- (o) computer disks and CDs which are prepared for blind or partially sighted people;

(q) “insured item” means an item the value of which has been declared to the universal service provider and of which, in the event of its theft or loss or damage in the course of its conveyance by post, the universal service provider has agreed to pay to the sender an agreed reasonable sum, not exceeding the declared value;

(r) “latest delivery time” means, for each UK address, the time expressed in minutes past an hour by which the universal service provider endeavours to make a delivery every working day in accordance with the universal service provider's classification, as at 1 December 2005, of addresses as either "urban" or "rural";

(s) “letter box” includes any pillar box, wall box, or other box or receptacle provided by a postal operator for the purpose of receiving postal packets, or any class of postal packets for onwards transmission by post;

(t) “meter” means a method of evidencing payment for postal services provided by the universal service provider which involve the conveyance of a postal packet, through which the sender having paid in advance for postage applies an impression to a visible surface of the postal packet using a franking machine licensed by the universal service provider;

- (u) “**partially sighted**” means having a standard of close-up vision, with spectacles, certified by an ophthalmologist, doctor or ophthalmic optician, of N12 (print size) or less;
- (v) “**post office**” means any premises or vehicle in the United Kingdom from which postal services, or services provided under arrangements with a government department, are provided directly to the public;
- (w) “**postcode area**” means a geographical area indicated by the letters preceding the first number in the code, as the code is set out in the postcode address file;
- (x) “**postcode address file**” has the meaning given in s.116(3) Postal Services Act 2000;
- (y) “**postcode district**” means a geographical area indicated by the (alphabetical) letters and numbers in a postcode preceding the space in the code, as the code is set out in the postcode address file.
- (z) “**proof of delivery**” means a copy of a signature obtained on delivery of a postal packet;
- (aa) “**public holiday**” means Christmas Day, Good Friday, a day which is a bank holiday under the Banking and Financial Dealings Act 1971 and any other day which Ofcom has by direction agreed should be treated as a public holiday;
- (bb) “**registered item**” means an item which has been registered with the universal service provider in connection with its conveyance by post and for which an amount is payable to the sender in the event of theft or loss of or damage to it in the course of its conveyance by post;
- (cc) “**ROW transfer point**” means a facility for—
(i) the collection by a universal service provider of postal packets originating from a country outside the European Community, for onward conveyance and delivery within the United Kingdom; or
(ii) the deposit by a universal service provider of postal packets originating from the United Kingdom, for onward conveyance and delivery to a country outside the European Community.
- (dd) “**Royal Mail**” means Royal Mail Group Limited, whose registered company number in England and Wales is 04138203;
- (ee) “**single piece service**” means a postal service whose price (on average for each postal packet) is not subject to any discounts related to
(i) the number of postal packets sent in connection with the person who paid for the service;
(ii) the positioning of text on the postal packet;
(iii) the use of markings which facilitate the use of machines to sort postal packets; or
(iv) presortation into geographical areas for delivery;

	<p>(ff) “specified collection time” means, in relation to an <u>access point</u> used in the provision of a service set out in Condition DUSP 1.4, that period of time within which the <u>universal service provider</u> endeavours to make a collection every <u>working day</u> in accordance with the <u>universal service provider’s</u> classification of such <u>access points</u> as at 1 December 2005 as either “commercial area”, “town/city area”, “rest of UK”, “deep rural”, “business box” or “Post Office branch”.</p> <p>(gg)“target routing time” means the target maximum time for conveying <u>postal packets</u> from the <u>access point</u> to the delivery point in the provision of a <u>postal service</u>;</p> <p>(hh)“tracking facility” means a facility enabling a sender to monitor the progress of a <u>postal packet</u> through the <u>postal network</u>;</p> <p>(ii) “USO” means <u>Royal Mail’s</u> products and/or services provided by <u>Royal Mail</u> for the purpose of complying with <u>Royal Mail’s</u> obligations imposed by any designated USP condition;</p> <p>(jj) “working day” means any day which is not a Sunday or a <u>public holiday</u>.</p>
<p>DUSP 1.1.3</p>	<p>For the purpose of interpreting this DUSP Condition—</p> <p>(a) except in so far as DUSP 1.1.2 or the context otherwise requires, any word or expression shall have the same meaning as it has been ascribed for the purpose of Part 3 of the Act;</p> <p>(b) headings and titles shall be disregarded;</p> <p>(c) expressions cognate with those referred to in this DUSP Condition shall be construed accordingly;</p> <p>(d) the Interpretation Act 1978 (c. 30) shall apply as if this DUSP Condition were an Act of Parliament;</p> <p>(e) references to a day are references to a period of twenty-four hours beginning with one midnight and ending with the next, which period shall be treated to include a Saturday, a Sunday, a Bank Holiday, Christmas Day, Good Friday or other public holiday;</p> <p>(f) references to <u>letters</u> and <u>postal packets</u> exclude—</p> <p>(i) <u>postal packets</u> which are excepted under section 33(1) of the Act;</p> <p>(ii) <u>postal packets</u></p> <ol style="list-style-type: none"> a. containing items which it is reasonable to exclude from carriage by post; or b. which do not comply with conditions reasonably imposed on their carriage by post, for reasons of potential harm to health, public security or compliance with law; and <p>(iii) <u>postal packets</u> which are not legibly addressed.</p> <p>(g) <u>Routing times</u> shall be expressed using the formula “D + n”, where—</p>

	<p>(i) “D” means the <u>deemed date of collection</u>; and</p> <p>(ii) “n” means the number of <u>working days</u> between D and the delivery date, including the delivery date.</p> <p>(h) the following shall be deemed to be directions issued by <u>Ofcom</u> agreeing that a day should be treated as a <u>public holiday</u> for the purposes of the definition of “public holiday” in this DUSP Condition:</p> <ul style="list-style-type: none"> • <i>Exceptions to Royal Mail’s universal service obligation – for 26 December 22009 in the UK, bank holidays on Saturdays in the UK, as local holidays in Northern Ireland and Scotland: a decision document (Postal Services Commission, October 2009).</i>
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1.2. Obligation to provide deliveries

DUSP 1.2.1	<p>Except as set out in DUSP 1.2.3, the <u>universal service provider</u> shall offer to provide at least one delivery of <u>letters</u> originating from anywhere in the world every Monday to Saturday—</p> <p>(a) to the home or premises of every individual or other person in the UK; and</p> <p>(b) to delivery points approved by <u>Ofcom</u> for the purposes of this Condition.</p>
DUSP 1.2.2	<p>Except as set out in DUSP 1.2.3, the <u>universal service provider</u> shall offer to provide at least one delivery of other <u>postal packets</u> originating from anywhere in the world every Monday to Friday—</p> <p>(a) to the home or premises of every individual or other person in the UK; and</p> <p>(b) to delivery points approved by <u>Ofcom</u> for the purposes of this paragraph.</p>
DUSP 1.2.3	<p>In the provision of any universal service in DUSP 1.4 the <u>universal service provider</u> shall either—</p> <p>(a) deliver the <u>postal packet</u> to the premises identified on the <u>postal packet</u>;</p> <p>(b) deliver the <u>postal packet</u> to an individual named on the <u>postal packet</u>; or</p> <p>(c) where an unsuccessful attempt has been made to deliver the <u>postal packet</u> in accordance with (a) or (b), offer the addressee a choice of redelivery within a reasonable period and an opportunity to collect the <u>postal packet</u> from a <u>post office</u> or <u>delivery office</u>.</p>

DUSP 1.2.4	DUSP 1.2.1 and DUSP 1.2.2 shall not apply— (a) in an emergency; (b) in such geographical or other circumstances as <u>Ofcom</u> has specified to be exceptional for the purposes of this DUSP 1.2.4; (c) on a day which is a <u>public holiday</u> in the part of the United Kingdom in which the delivery point is situated; or (d) in relation to a particular address or delivery point, where the addressee has purchased one or more <u>postal services</u> in accordance with which <u>postal packets</u> for that addressee are to be delayed or diverted.
DUSP 1.2.5	The following directions shall be deemed to have been made under DUSP 1.2.4(b) until they expire or are revoked by <u>Ofcom</u> : <ul style="list-style-type: none"> • <i>[We are consulting on the deliveries exceptions direction and would propose to deem any direction made following that consultation to be a direction under this condition³]</i>

1.3. Obligation to provide collections

DUSP 1.3.1	Except as set out in DUSP 1.3.2, the <u>universal service provider</u> shall provide at least one collection— (a) every Monday to Saturday, from <u>access points</u> for <u>letters</u> for the services described in DUSP 1.4; and (b) every Monday to Friday, from <u>access points</u> for other <u>postal packets</u> for the services described in DUSP 1.4.
DUSP 1.3.2	DUSP 1.3.1 shall not apply— (a) in an emergency; (b) in such geographical or other circumstances as <u>Ofcom</u> has specified to be exceptional for the purposes of this DUSP 1.3.2; or (c) on a day which is a <u>public holiday</u> in the part of the United Kingdom in which the <u>access point</u> is situated.
DUSP 1.3.3	The following directions shall be deemed to have been made under DUSP 1.3.2(b), until they expire or are revoked by <u>Ofcom</u> : <ul style="list-style-type: none"> • <i>Exceptions to Royal Mail's Universal Collections Service - A Policy Document and Direction</i> (Postal Services Commission, October 2008)

1.4. Obligation to provide end-to-end services

	<i>End-to-end domestic services at affordable tariffs</i>
DUSP 1.4.1	Postal services meeting the following descriptions shall be provided for all <u>postal packets</u> save where otherwise specified, as <u>single piece services</u> at affordable prices determined in accordance with a public tariff which is uniform throughout the United Kingdom, on fair and reasonable terms, every day on which a collection is required by DUSP 1.3.1. <ul style="list-style-type: none"> • <i>First class service(s)</i>
DUSP 1.4.1(a)	One or more domestic services for the conveyance of <u>postal packets</u> which— (a) have a <u>target routing time</u> of D+1; (b) may be paid for by postage stamp or <u>meter</u> or other reasonable methods; (c) provide a <u>Certificate of Posting</u> on request where the postal packet is deposited at a <u>post office</u> ; and (d) offer to provide <u>proof of delivery</u> on application by the sender.

³ <http://stakeholders.ofcom.org.uk/consultations/direction-extension/>.

	<ul style="list-style-type: none"> • Second class service(s)
DUSP 1.4.1(b)	<p>One or more domestic services for the conveyance of postal packets which—</p> <ul style="list-style-type: none"> (a) have a <u>target routing time</u> of D+3; (b) may be paid for by postage stamp or <u>meter</u> or other reasonable methods; (c) provide a <u>Certificate of Posting</u> on request where the postal packet is deposited at a <u>post office</u>; and (d) offer to provide <u>proof of delivery</u> on application by the sender.
	<ul style="list-style-type: none"> • Return to sender service(s)
DUSP 1.4.1(c)	<p>One or more domestic services for the conveyance of <u>postal packets</u> back to the <u>sender</u> within a reasonable <u>target routing time</u>, where—</p> <ul style="list-style-type: none"> (a) The <u>postal packet</u> has been conveyed in the provision of a universal postal service and delivery to the addressee named on the <u>postal packet</u> has not been effected; (b) The <u>sender's address</u> is marked on the <u>postal packet</u>; and (c) the service may be paid for by reasonable methods.
	<ul style="list-style-type: none"> • Special delivery service(s)
DUSP 1.4.1(d)	<p>One or more domestic services for the conveyance of <u>postal packets</u> weighing no more than 10 kilograms which—</p> <ul style="list-style-type: none"> (i) have a <u>target routing time</u> of D+1, with a target delivery time of 1pm, except where this is not reasonably possible; (ii) are available for <u>registered items</u> and <u>insured items</u>; (iv) provide a <u>tracking facility</u>; (v) offer to provide <u>proof of delivery</u> on application by the sender; and (vi) are paid for in advance.
	<ul style="list-style-type: none"> • End-to-end international services at affordable tariffs
DUSP 1.4.1(e)	<p>One or more services for the conveyance of <u>postal packets</u> to <u>EC transfer points</u>—</p> <ul style="list-style-type: none"> (i) having in relation to each country <u>target routing times</u> which provide for at least 85% of postal packets to be <u>deemed delivered</u> in D + 3 and at least 97% of postal packets to be <u>deemed delivered</u> in D + 5; and (ii) which may be paid for by postage stamp or other reasonable methods; (iii) which provide a <u>Certificate of Posting</u> on request where the postal packet is deposited at a <u>post office</u>; <p>such services to include services for the conveyance of—</p> <ul style="list-style-type: none"> a. <u>registered items</u>; b. <u>insured items</u>; and c. items which are neither registered nor insured..

<p>DUSP 1.4.1(f)</p>	<p>(i) One or more services for the conveyance of <u>postal packets</u> to <u>ROW transfer points</u> for onward delivery to each country of the world other than countries within the European Community, where—</p> <ol style="list-style-type: none"> a. in relation to each country <u>target routing times</u> for the end-to-end service are D + 7; b. the services may be paid for by postage stamp or other reasonable methods; and c. a <u>Certificate of Posting</u> is provided on request where the postal packet is deposited at a <u>post office</u>. <p>(ii) One or more services for the conveyance of <u>postal packets</u> to <u>ROW transfer points</u> for onward delivery to each country of the world other than countries within the European Community, where—</p> <ol style="list-style-type: none"> a. in relation to each country <u>target routing times</u> for the end-to-end service are D + 12 weeks; b. the services may be paid for by postage stamp or other reasonable methods; and c. a <u>Certificate of Posting</u> is provided on request where the <u>postal packet</u> is deposited at a <u>post office</u>. <p>(iii) The services provided pursuant to this DUSP 1.4.1(f) must include services for the conveyance of—</p> <ol style="list-style-type: none"> a. <u>registered items</u>; b. <u>insured items</u>; and c. items which are neither registered nor insured.
<p>DUSP 1.4.1(g)</p>	<p>One or more services for the onward conveyance and delivery within the United Kingdom of <u>postal packets</u> collected from <u>EC transfer points</u> for <u>postal packets</u> originating from each country within the European Community other than the United Kingdom, having <u>target routing times</u> in relation to each country which provide for at least 85% of <u>postal packets</u> to be <u>deemed</u> delivered with a routing time of D + 3 and at least 97% of <u>postal packets</u> to be <u>deemed delivered</u> with a <u>routing time</u> of D + 5.</p>
<p>DUSP 1.4.1(h)</p>	<p>One or more services for the onward conveyance and delivery within the United Kingdom of <u>postal packets</u> collected from <u>ROW transfer points</u> for <u>postal operators</u> from each country of the world other than countries within the European Community, having reasonable <u>target routing times</u>.</p>
<p>DUSP 1.4.2</p>	<p>The <u>universal service provider</u> shall use reasonable endeavours directly or indirectly to establish arrangements with <u>postal operators</u> in countries outside the United Kingdom for them to deliver to the <u>universal service provider</u> any <u>postal packets</u> posted from outside the United Kingdom to addresses within the United Kingdom.</p>
	<p>• <i>Services to be provided free of charge</i></p>
<p>DUSP 1.4.3</p>	<p>The <u>universal service provider</u> shall provide the following <u>postal services</u> free of charge throughout the United Kingdom, save as otherwise specified, and on fair and reasonable terms every day on which a collection is required by DUSP 1.3.1.</p>
	<p>(a) a domestic <u>postal service</u> for the conveyance of <u>legislative petitions and addresses</u> which meet the <u>weight and covers requirements</u>, having a reasonable <u>target routing time</u>.</p>
	<p>(b) a domestic <u>postal service</u> having a <u>target routing time</u> of D + 1, which conveys <u>eligible items</u> weighing up to 7 kilograms in aggregate per <u>postal packet</u>—</p> <ol style="list-style-type: none"> (i) to <u>blind</u> or <u>partially sighted</u> persons;

	<p>(ii) from <u>blind</u> or <u>partially sighted</u> persons; or</p> <p>(iii) from organisations representing <u>blind</u> people or providing a service specifically designed for <u>blind</u> or <u>partially sighted</u> persons.</p>
	<p>(c) One or more services for the conveyance of <u>eligible items</u> to any country in the world other than the United Kingdom—</p> <p>(i) to <u>blind</u> or <u>partially sighted</u> persons;</p> <p>(ii) from <u>blind</u> or <u>partially sighted</u> persons; or</p> <p>(iii) from organisations representing <u>blind</u> people or providing a service specifically designed for <u>blind</u> or <u>partially sighted</u> persons.</p> <p>Such services shall include a service with a <u>target routing time</u> of D + 12 weeks for postal packets weighing no more than 7 kilograms.</p> <p>Such services shall include a service with a <u>target routing time</u> of D + 7 days for postal packets weighing no more than 7 kilograms, except that</p> <p>(i) if the destination is one of the countries listed in Annex 1 to this Condition, the <u>postal packet</u> shall weigh no more than 1 kilogram; and</p> <p>(ii) in relation to any <u>postal packet</u> weighing between 1 kilogram and 7 kilograms, where the tariff for the <u>postal packet</u> concerned were it to be conveyed in the provision of a service set out in DUSP 1.4(f)(i) exceeds the tariff for that <u>postal packet</u> were it to be conveyed in the provision of a service set out in DUSP 1.4.1(f)(ii), a tariff may be applied which does not exceed that difference.</p>

1.5. Obligation to provide addressee services

<p>DUSP 1.5.1</p>	<p>The <u>universal service provider</u> shall provide the following <u>postal services</u> to addressees at affordable prices determined in accordance with a public tariff which is uniform throughout the United Kingdom, on fair and reasonable terms, and shall be available for purchase every Monday to Saturday which is a <u>working day</u> -</p>
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	<p>(a) one or more services for addressees providing that during a specified reasonable period all <u>postal packets</u> addressed to a named individual should be conveyed to a postal address other than that marked on the <u>postal packet</u>, save that this service is not required to be available -</p> <p>(i) where the postal address to which <u>postal packets</u> are otherwise to be conveyed pursuant to this service is outside the United Kingdom and—</p> <ul style="list-style-type: none"> • the <u>postal packet</u> contains <u>registered items</u>, insured <u>items</u> or goods; or • the <u>postal packet</u> exceeds 100 grams in weight, 240 millimetres in length, 165 millimetres in width or 25 millimetres in thickness. <p>(ii) in relation to <u>postal packets</u> to a particular addressee or from a particular sender or class of sender, where the provision of the service in relation to those <u>postal packets</u> would create a substantial risk of fraud;</p> <p>(iii) where the address marked on the <u>postal packet</u> relates to premises in relation to which it is reasonable not to provide the service; or</p> <p>(iv) where the postal address to which <u>postal packets</u> are to be conveyed pursuant to this service is a <u>delivery office</u> or <u>post office</u>.</p>
	<p>(b) one or more services for addressees providing for the conveyance free of charge during a reasonable period of <u>postal packets</u> to a specified <u>post office</u> in the UK for collection within a reasonable period by the addressee;</p>
	<p>(c) one or more services for addressees which provide for a delay for a specified reasonable period to the target delivery date otherwise applicable to any <u>postal packets</u>.</p>

1.6. Obligation to provide access points for the universal service

<p>DUSP 1.6.1</p>	<p>Except as <u>Ofcom</u> may have directed otherwise, the <u>Universal Service Provider</u> shall provide, or procure the provision of, <u>letter boxes</u> and other <u>access points</u> for the purpose of providing the universal postal services referred to in DUSP 1.4 in a manner which meets the reasonable needs of <u>users</u> having regard to the costs of providing and servicing such <u>access points</u>.</p>
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<p>DUSP 1.6.2</p>	<p>The <u>universal service provider</u> shall be regarded as having met its obligations under DUSP 1.6.1 if –</p> <p>(a) in each <u>postcode area</u> where the delivery point density is not less than 200 delivery points per square kilometre not less than 99% of <u>users of postal services</u> are within 500 metres of a <u>letter box</u>, and</p> <p>(b) the distribution of <u>access points</u> capable of receiving the largest relevant <u>postal packets</u> and <u>registered items</u> is such that –</p> <ol style="list-style-type: none"> i. in the UK as a whole the premises of not less than 95% of <u>users of postal services</u> are within 5 kilometres of such an <u>access point</u>, and ii. in all <u>postcode areas</u> the premises of not less than 95% of <u>users of postal services</u> are within 10 kilometres of such an <u>access point</u>, and such <u>access points</u> are available to the public in accordance with conveniently published schedules
<p>DUSP 1.6.3</p>	<p>The <u>universal service provider</u> shall establish, maintain, and review annually a statement of arrangements to ensure that <u>users of postal services</u> whose premises are not within 10 kilometres of an access point provided pursuant to DUSP 1.6.2(b) will be provided with reasonable access to such facilities.</p>
<p>DUSP 1.6.4</p>	<p>The <u>universal service provider</u> shall establish, maintain and review annually a statement of arrangements to ensure that <u>users of postal services</u> who are <u>blind</u>, <u>partially sighted</u>, infirm through age, chronically sick, or disabled are able to post <u>postal packets</u> using the universal services regularly and as far as possible without significant cost to those <u>users</u> attributable to their difficulties.</p>

1.7. Obligation to meet performance targets

<p>DUSP 1.7.1</p>	<p>The <u>universal service provider</u> shall meet the performance targets set out in Table 1 and in Table 2 for the <u>universal services</u> included in that Table, measured on average in the United Kingdom as a whole throughout the periods of 12 months ending on 31 March in each year, excluding the <u>Christmas period</u>.</p>
<p>DUSP 1.7.2</p>	<p>The <u>universal service provider</u> shall monitor or procure the monitoring of its performance in relation to the standards set out in Table 1 using an <u>appropriate testing methodology</u>.</p>
<p>DUSP 1.7.3</p>	<p>The <u>universal service provider</u> shall subject its monitoring to review annually as set out in Table 1, where:</p> <p>(a) Method A means the <u>universal service provider</u> shall appoint an independent person to test and give an opinion on the suitability of the methodology used; and</p> <p>(b) Method B means the <u>universal service provider</u> shall permit and cooperate with audit of its monitoring by persons appointed by <u>Ofcom</u> with the agreement of the <u>universal service provider</u>, which shall not be unreasonably withheld.</p>
<p>DUSP 1.7.4</p>	<p>The <u>universal service provider</u> shall monitor or procure the monitoring of its performance in relation to the D+3 standard set out in Table 2 for USO outgoing European Community services using an <u>appropriate testing methodology</u>.</p>

DUSP 1.7.5	The <u>Universal Service Provider</u> shall at all times maintain and comply with a code of practice for identifying the incidence of, and addressing the causes of, significant failure to meet the performance targets in relation to any <u>postcode districts</u> within a <u>postcode area</u> in which the performance targets overall are met.
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Table 1 – domestic standards, performance targets and monitoring

USO	Standard	Performance target (%)	Review of monitoring method
Deliveries			
DUSP 1.2.1 and 1.2.2	Delivery routes completed each <u>working day</u> .	99.90	A
DUSP	USO items <u>deemed delivered</u> .	99.50	B
DUSP 1.8.2	Deliveries made every <u>working day</u> by the latest delivery time notified to Ofcom in accordance with DUSP 1.8.2.	N/A	A
Collections			
DUSP 1.3	USO <u>access points</u> served each day.	99.90	A
DUSP 1.3 and 1.8.2	Collections made each <u>working day</u> from <u>letter boxes</u> and other <u>access points</u> used in the provision of any <u>domestic service</u> provided pursuant to DUSP 1.4, at or after the final time of collection advertised on the <u>access point</u> .	N/A	A
Domestic end-to-end services			
DUSP 1.4.1(a)	USO first class services: <u>deemed delivered</u> with an <u>actual routing time</u> of D+1.	93.00	B
DUSP 1.4.1(a)	USO first class services: <u>deemed delivered</u> with an <u>actual routing time</u> of D+1 in each <u>postcode area</u> apart from HS, KW and ZE.	91.50	B
DUSP 1.4.1(a)	USO first class services: <u>deemed delivered</u> with an <u>actual routing time</u> of D+1 in each of the <u>postcode areas</u> HS, KW and ZE.	N/A	B
DUSP 1.4.1(b)	USO second class services for <u>postal packets</u> weighing up to 1kg: <u>deemed delivered</u> with an <u>actual routing time</u> of D+3.	98.50	B
DUSP 1.4.1(b)	USO second class services for <u>postal packets</u> weighing more than 1kg: <u>deemed delivered</u> with an <u>actual routing time</u> of D+3.	90.00	B
DUSP 1.4.1(d)	USO special delivery services: <u>deemed delivered</u> with an <u>actual routing time</u> as specified in accordance with DUSP 1.4.1(d)(i).	99.00	A

Table 2 – EC standards and performance targets

USO	Standard	Performance target (%)
DUSP 1.4.1(g)	USO incoming European Community services <u>deemed delivered</u> with an <u>actual routing time</u> of D+3.	85.00
DUSP 1.4.1(g)	USO incoming European Community services <u>deemed delivered</u> with an <u>actual routing time</u> of D+5.	97.00
DUSP 1.4.1(e)	USO outgoing European Community services <u>deemed delivered</u> with an <u>actual routing time</u> of D+3.	85.00
DUSP 1.4.1(e)	USO outgoing European Community services <u>deemed delivered</u> with an <u>actual routing time</u> of D+5.	97.00

1.8. Obligation to notify and publish information

DUSP 1.8.1	The <u>universal service provider</u> shall notify <u>Ofcom</u> and the <u>Council</u> of, and publish in such a manner as will ensure reasonable publicity for it – (a) the brand names of the services it provides with a view to meeting its obligations under DUSP 1.4 and 1.5; (b) the terms and conditions of those services (including prices); and (c) any proposed change to the information in (a) and (b), at least one month in advance of the date on which it is to be implemented.
DUSP 1.8.2	The <u>universal service provider</u> shall notify <u>Ofcom</u> and the <u>Council</u> of, and publish in such a manner as will ensure reasonable publicity for it – (a) the <u>latest delivery times</u> for the United Kingdom and the <u>specified collection times</u> , (b) any changes it intends to make to its <u>latest delivery times</u> and its <u>specified collection times</u> not less than three months prior to the change being made, and (c) every re-classification of addresses that will result in the <u>latest delivery time</u> of an address becoming later and of every re-classification of <u>access points</u> that will result in an <u>access point's specified collection time</u> starting earlier, within one month of such a change.
DUSP 1.8.3	The <u>universal service provider</u> shall publish its <u>latest delivery times</u> and its <u>specified collection times</u> and shall ensure any changes to them are published within one month of the change in such a manner as will ensure reasonable publicity for them.
DUSP 1.8.4	The <u>universal service provider</u> shall publish, in such a manner as will ensure reasonable publicity for them, its statement of arrangements under DUSP 1.6.3 (access arrangements for premises more than 10 km from access points) and DUSP 1.6.4 (access arrangements for those facing mobility challenges).
DUSP 1.8.5	The <u>universal service provider</u> shall notify <u>Ofcom</u> , no later than two months from the end of each quarter, of its performance in relation to - (a) all the standards in Table 1; and (b) the D+3 standard for European Community outgoing services.

<p>DUSP 1.8.6</p>	<p>The <u>universal service provider</u> shall publish in such a manner as will ensure reasonable publicity for it, no later than two months from the end of each <u>Christmas period</u>, its performance in relation to -</p> <p>(a) the D+3 standard for European Community outgoing services; and</p> <p>(b) all the standards in Table 1 apart from -</p> <p style="padding-left: 40px;">(i) deliveries made every <u>working day</u> by the latest delivery time notified to Ofcom in accordance with DUSP 1.8.2; and</p> <p style="padding-left: 40px;">(ii) collections made each <u>working day</u> from <u>letter boxes</u> and other <u>access points</u> used in the provision of any <u>domestic service</u> provided pursuant to DUSP 1.4, at or after the final time of collection advertised on the <u>access point</u>.</p>
<p>DUSP 1.8.7</p>	<p>The <u>universal service provider</u> shall publish in such a manner as will ensure reasonable publicity for it, no later than three months from 31 March each year, its performance in relation to the following standards for the period of 12 months ending 31 March, (providing both adjusted and unadjusted results when appropriate⁴):</p> <p>(a) the D+3 standard for European Community outgoing services; and</p> <p>(b) all the standards in Table 1 apart from deliveries made every <u>working day</u> by the <u>latest delivery time</u> notified to <u>Ofcom</u> in accordance with DUSP 1.8.2.</p>
<p>1.8.8</p>	<p>The <u>universal service provider</u> shall ensure that <u>Ofcom</u> and the <u>Council</u> are provided with up to date copies of the code of practice maintained in accordance with DUSP 1.7.5.</p>

1.9. Obligation to maintain and review contingency plans

<p>DUSP 1.9.1</p>	<p>The <u>universal service provider</u> shall at all times maintain appropriate contingency plans, which set out the measures to be taken by the <u>universal service provider</u> to ensure as far as practicable the provision of the services required by DUSP 1.2 to 1.5 without interruption, suspension or restriction of any service in the event, locally, regionally or nationally, of industrial action, an emergency or a natural disaster, and implement those plans where such events occur.</p>
<p>DUSP 1.9.2</p>	<p>At least once every two years from the <u>appointed date</u>, the <u>universal service provider</u> must review and where appropriate, update or amend its contingency plans.</p>

⁴ E.g. to take account of a force majeure incident.

Annex 1

The countries are—

- | | | |
|-----------------------|-------------------|-----------------------|
| — Albania, | — France, | — Netherlands, |
| — Andorra, | — Georgia, | — Norway, |
| — Armenia, | — Germany, | — Poland, |
| — Austria, | — Gibraltar, | — Portugal, |
| — Azerbaijan, | — Greece, | — Romania, |
| — Azores, | — Greenland, | — Russia, |
| — Balearic Islands, | — Hungary, | — San Marino, |
| — Belarus, | — Iceland, | — Serbia, |
| — Belgium, | — Irish Republic, | — Slovak Republic, |
| — Bosnia-Herzegovina, | — Italy, | — Slovenia, |
| — Bulgaria, | — Kazakhstan, | — Spain, |
| — Canary Islands, | — Kirghizstan, | — Spitzbergen, |
| — Corsica, | — Latvia, | — Sweden, |
| — Croatia, | — Liechtenstein, | — Switzerland, |
| — Cyprus, | — Lithuania, | — Tajikistan, |
| — Czech Republic, | — Luxembourg, | — Turkey, |
| — Denmark, | — Macedonia, | — Turkmenistan, |
| — Estonia, | — Madeira, | — Ukraine, |
| — F roe Islands, | — Malta, | — Uzbekistan, |
| — Finland, | — Moldova, | — Vatican City State. |
| | — Monaco, | |
| | — Montenegro, | |

Table of terms defined in the Act

This table is provided for information and does not form a part of this condition. We make no representations as to its accuracy or completeness. Please refer to the Act.

Defined term	Section of the Act
<i>Access points</i>	<i>29(11)</i>
<i>Legislative petitions and addresses</i>	<i>32(2)</i>
<i>Weight and covers requirements</i>	<i>32(3)</i>
<i>Ofcom</i>	<i>90</i>
<i>Postal network</i>	<i>38(3)</i>
<i>Postal operator</i>	<i>27(3)</i>
<i>Postal packet</i>	<i>27(2)</i>
<i>Universal service provider</i>	<i>65(1) and Schedule 9 paragraph 3(3)</i>
<i>User</i>	<i>65(1)</i>

SCHEDULE 2

DESIGNATED USP CONDITION 2 SAFEGUARD CAP PRICE CONTROL

2.1. Application, definitions and interpretation

DUSP 2.1.1	This designated USP condition (“ DUSP Condition ”) shall apply to Royal Mail as the <u>Universal Service Provider</u> designated by <u>Ofcom</u> .
DUSP 2.1.2	In this DUSP Condition—
	<p>(a) “Relevant Year” means one of the following periods:</p> <p>(1) the period beginning on 1 April 2012 and ending on 31 March 2013 (the “First Relevant Year”);</p> <p>(2) the period beginning on 1 April 2013 and ending on 31 March 2014 (the “Second Relevant Year”);</p> <p>(3) the period beginning on 1 April 2014 and ending on 31 March 2015 (the “Third Relevant Year”);</p> <p>(4) the period beginning on 1 April 2015 and ending on 31 March 2016 (the “Fourth Relevant Year”);</p> <p>(5) the period beginning on 1 April 2016 and ending on 31 March 2017 (the “Fifth Relevant Year”);</p> <p>(6) the period beginning on 1 April 2017 and ending on 31 March 2018 (the “Sixth Relevant Year”);</p> <p>(7) the period beginning on 1 April 2018 and ending on 31 March 2019 (the “Seventh Relevant Year”);</p> <p>(b) “Retail Prices Index” means the index of retail prices compiled by an agency or a public body on behalf of Her Majesty’s Government or a governmental department (which is the Office for National Statistics at the time of publication of this Notification) from time to time in respect of all items;</p> <p>(c) “Royal Mail” means Royal Mail Group Ltd, whose registered company number in England and Wales is 04138203;</p> <p>(d) “RPI” means the amount of the change in the <u>Retail Prices Index</u> in the period of twelve months ending on 30th September immediately before the beginning of a <u>Relevant Year</u>, expressed as a percentage (rounded to two decimal places) of that <u>Retail Prices Index</u> as at the beginning of that first mentioned period;</p> <p>(e) “Second Class Post” means a service of sending an item by post where the <u>Universal Service Provider</u> aims to deliver the item no later than the third working day after it was posted. For the purposes of this DUSP Condition it does not include services which are not universal services or which include charges in respect of additional registered,</p>

	<p>insured, tracked or recorded services;</p> <p>(f) “Standard Letter” means a letter weighing up to 100 grams that is no more than 5 millimetres thick and up to 240 millimetres in length and up to 165 millimetres in width.</p>
DUSP 2.1.3	<p>For the purpose of interpreting this DUSP Condition—</p> <p>(a) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in DUSP 2.1.2 above and otherwise any word or expression shall have the same meaning as it has been ascribed for the purpose of Part 3 of the Act;</p> <p>(b) headings and titles shall be disregarded;</p> <p>(c) expressions cognate with those referred to in this DUSP Condition shall be construed accordingly; and</p> <p>(d) the Interpretation Act 1978 (c. 30) shall apply as if this DUSP Condition were an Act of Parliament.</p>
<u>2.2 Maximum price to be charged for specified services</u>	
DUSP 2.2.1	<p>This DUSP Condition specifies the maximum amount that the <u>Universal Service Provider</u> shall be permitted to charge for the service of sending a single <u>Standard Letter</u> by <u>Second Class Post</u>. In the <u>First Relevant Year</u>, the maximum amount that the <u>Universal Service Provider</u> shall be permitted to charge for sending a single <u>Standard Letter</u> by <u>Second Class Post</u> shall be the amount of [45-55] pence.</p>
DUSP 2.2.2	<p>For each <u>Relevant Year</u> after the <u>First Relevant Year</u> the maximum amount that the <u>Universal Service Provider</u> shall be permitted to charge for sending a single <u>Standard Letter</u> by <u>Second Class Post</u> shall be the maximum amount that the <u>Universal Service Provider</u> was permitted to charge for that service in the previous <u>Relevant Year</u> increased by <u>RPI</u>.</p>
DUSP 2.2.3	<p>Where the <u>Universal Service Provider</u> makes a material change (other than to a charge) to any product or service which is subject to this Condition or there is a material change in the basis of the <u>Retail Prices Index</u>, DUSP Conditions 2.2.1 and 2.2.2 shall have effect subject to such reasonable adjustment to take account of the change as <u>Ofcom</u> may direct to be appropriate in the circumstances. For these purposes a material change to any product or service which is subject to this DUSP Condition includes the introduction of a new product or service wholly or substantially in substitution for that existing product or service.</p>
DUSP 2.2.4	<p>The <u>Universal Service Provider</u> shall record, maintain and supply to <u>Ofcom</u> in writing, no later than three months after the end of each <u>Relevant Year</u>, the data necessary for <u>Ofcom</u> to monitor compliance of the <u>Universal Service Provider</u> with the</p>

	requirements of this Condition.
DUSP 2.2.5	This DUSP Condition shall not apply to such extent as <u>Ofcom</u> may direct.
DUSP 2,2,6	The <u>Universal Service Provider</u> shall comply with any direction <u>Ofcom</u> may make from time to time under this DUSP Condition.

Table of terms defined in the Act

This table is provided for information and does not form a part of this condition. We make no representations as to its accuracy or completeness. Please refer to the Act.

<i>Defined term</i>	<i>Section of the Act</i>
<i>Ofcom</i>	<i>90</i>
<i>Universal Service Provider</i>	<i>65(1) and Schedule 9 paragraph 3(3)</i>