

DESIGNATED USP CONDITION 3

SAFEGUARD CAP PRICE CONTROL FOR SECOND CLASS LARGE LETTERS AND RELEVANT PACKETS

<u>3.1. Application, Definitions and Interpretation</u>	
DUSP 3.1.1	This designated USP condition (“ DUSP Condition ”) shall apply to the <u>universal service provider</u> .
DUSP 3.1.2	<p>In this DUSP Condition—</p> <p>(a) “Base Year” means the period beginning on 1 April 2018 and ending on 31 March 2019;</p> <p>(b) “Basket” means the services of sending <u>Large Letter</u> and <u>Relevant Packet</u> products by <u>Second Class Post</u> that the <u>universal service provider</u> currently provides;</p> <p>(c) “Consumer Prices Index” means the index of consumer 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>(d) “Large Letter” means a letter weighing up to 750 grams that is no more than 25 millimetres thick and up to 353 millimetres in length and up to 250 millimetres in width.</p> <p>(e) “Relevant Packet” means any item greater than a <u>Large Letter</u> in dimensions but weighing no more than 2kg;</p> <p>(f) “Relevant Year” means any period of 12 consecutive months beginning on 1 April and ending on 31 March, the last period of which begins on 1 April 2023 and ends on 31 March 2024; and</p> <p>(g) “Second Class Post” means a service of sending a stamped 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, insured, tracked or recorded services.</p>
DUSP 3.1.3	For the purpose of interpreting this DUSP Condition—

	<p>(a) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in DUSP 3.1.2 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 Postal Services Act 2011;</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; and</p> <p>(e) references in this DUSP Condition to “stamped” postal items (or mail) are references to traditional postage stamps or other types of labelling affixed to such items to indicate the amount of postage paid including where the postage has been sold online.</p>
<p><u>3.2 Maximum price to be charged for specified services</u></p>	
<p>DUSP 3.2.1</p>	<p>This DUSP Condition specifies the maximum prices that the <u>universal service provider</u> shall be permitted to charge for the group of services within the <u>Basket</u> in each <u>Relevant Year</u>.</p>
<p>DUSP 3.2.2</p>	<p>In each <u>Relevant Year</u> (which is represented as “<i>t</i>” in the formulas below), the price of services in the <u>Basket</u> shall be set such that—</p> $\frac{\sum_i P_{i,t} V_{i,t-2}}{\sum_i V_{i,t-2}} \leq \left(\frac{\sum_i P_{i,0} V_{i,t-2}}{\sum_i V_{i,t-2}} \times X_t \right)$ <p>where—</p> $X_t = (1 + 29.4\%) \times \frac{CPX_t}{CPX_0}$ <p><i>P_{i,t}</i> is the maximum price charged for sending a single <u>Large Letter</u> or <u>Relevant Packet</u> by <u>Second Class Post</u> in <u>Relevant Year t</u>;</p> <p><i>V_{i,t-2}</i> is the volume delivered by the <u>universal service provider</u> in the twelve months to March in the year <i>t-2</i> for each type of a <u>Large Letter</u> or</p>

	<p><u>Relevant Packet</u> by <u>Second Class Post</u> (which is represented as “<i>i</i>”) as calculated by the <u>universal service provider</u> using a reasonable methodology which has been disclosed to <u>OFCOM</u>;</p> <p><i>P_{i,0}</i> is the price as listed in the Appendix to this DUSP Condition charged for sending a single <u>Large Letter</u> or <u>Relevant Packet</u> by <u>Second Class Post</u> as at 17 January 2019 (which is represented as “<i>0</i>”);</p> <p><i>CPX₀</i> is the <u>Consumer Prices Index</u> for the month of September immediately before the beginning of a <u>Base Year</u> (rounded to one decimal place), the figure of which is 104.1; and</p> <p><i>CPX_t</i> is the <u>Consumer Prices Index</u> for the month of September immediately before the beginning of a <u>Relevant Year</u> (rounded to one decimal place).</p>
DUSP 3.2.3	<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 DUSP Condition or there is a material change in the basis of the <u>Consumer Prices Index</u>, DUSP Conditions 3.2.1 and 3.2.2 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 listed in the Appendix to this DUSP Condition.</p>
DUSP 3.2.4	<p>The <u>universal service provider</u> shall record, maintain and supply to <u>OFCOM</u> in writing, within one month of the coming into effect of any price increase, the data necessary for <u>OFCOM</u> to monitor compliance of the <u>universal service provider</u> with the requirements of this DUSP Condition.</p>
DUSP 3.2.5	<p>This DUSP Condition shall not apply to such extent as <u>OFCOM</u> may direct.</p>
DUSP 3.2.6	<p>The <u>universal service provider</u> shall comply with any direction <u>OFCOM</u> may make from time to time under this DUSP Condition.</p>

Appendix

	Description of postal item product or service	Maximum price as at 17 January 2019
1.	<u>Second Class Post, Large Letter</u> , 0-100 grams	£0.79
2.	<u>Second Class Post, Large Letter, Second Class Post</u> , 101-250 grams	£1.26
3.	<u>Second Class Post, Large Letter</u> , 251-500 grams	£1.64
4.	<u>Second Class Post, Large Letter</u> , 501-750 grams	£2.22
5.	<u>Second Class Post, Relevant Parcel</u> not exceeding length 45cm x width 35cm x depth 16cm (small parcel), 0-2kg	£2.95
6.	<u>Second Class Post, Relevant Parcel</u> not exceeding length 45cm x width 35cm x depth 16cm (small parcel), 0-2kg, (sold online only)	£2.85
7.	<u>Second Class Post, Relevant Parcel</u> not exceeding length 61cm x width 46cm x depth 46cm (medium parcel), 0-2kg	£5.05
8.	<u>Second Class Post, Relevant Parcel</u> not exceeding length 61cm x width 46cm x depth 46cm (medium parcel), 0-2kg, (sold online only)	£4.95

Table of terms defined in the Postal Services Act 2011

This table is provided for information and does not form a part of this DUSP Condition. We make no representations as to its accuracy or completeness. Please refer to the Postal Services Act 2011.

Defined term	Section of the Postal Services Act 2011
<i>OFCOM</i>	<i>90</i>
<i>universal service provider</i>	<i>65(1) and Schedule 9 paragraph 3(3)</i>