



Royal Mail's response to Ofcom's Regulation of the provision of post boxes consultation

Consultation on a proposed modification to the current regulatory obligations on Royal Mail for the provision of post boxes (DUSP 1.8)

1st May 2013

Royal Mail welcomes Ofcom's proposed access point criteria

1. Royal Mail welcomes Ofcom's consultation on the regulation of the provision of post boxes and a change to DUSP 1.8.
2. As acknowledged by Ofcom in their consultation document, the current criteria which were set by Postcomm for access point density are "not fit for purpose". The current criteria only covers those 60 postcode areas where there are over 200 delivery points per square kilometre – less than half of the UK's 121 postcode areas and only 15 per cent of its geographic area. As stated by Ofcom, Royal Mail's current post box density would already comply with the proposed criteria of there being a post box within half a mile of the premises of not less than 98% of users of postal services.
3. It is the current regulation that is not fit for purpose, not Royal Mail's post box estate. We welcome Ofcom's acknowledgement that "we have no evidence to suggest that Royal Mail is not currently meeting the reasonable needs of users, particularly given users' overall satisfaction with post box provision".
4. Royal Mail recognises the importance of easy access to post boxes for all and particularly those in rural communities. We are proud that, with our extensive network of over 115,000 post boxes, the UK has the highest level of provision per square kilometre of any Western European nation. Of the countries measured by the Universal Postal Union, only Japan has a higher geographic density of post boxes. The number of post boxes in the UK overall – in both rural and urban areas – has remained stable for the past decade.
5. Furthermore, access to postal services is underpinned by the Post Office branch network which is required to meet stringent Government accessibility criteria. Currently 93.1% of people in the UK must be within a mile of a Post Office, and 99.7% within three miles¹. Post Office branches provide access for larger and signature items, but will accept other items of mail and most also have a post box located in close proximity.
6. Royal Mail is pleased that Ofcom has proposed a criteria that provides protection to the whole country but that recognises that the current post box provision meets the reasonable needs of users. Ofcom makes clear that Royal Mail is already compliant with its proposed new criteria². Evidence from a range of market research demonstrates the vast majority of users are satisfied or very satisfied with the current level of provision.
7. Therefore, we agree with Ofcom that the current regulatory requirements for the provision of post boxes should be modified. Royal Mail believes the proposed criteria are appropriate and will ensure a backstop level of consumer protection for postal users in all communities across the UK.

¹ Section 6 of Post Office network report 2012. Distances assessed on a straight line basis.

² In the UK, the distribution of letter boxes is such that there is a letter box within half a mile (805 metres) of the premises of not less than 98% of users of postal services. In the case of any users of postal services whose premises are not within half a mile (805 metres) of a letter box or other access point, the universal service provider shall provide, or procure the provision of, access to the universal service in such a manner which sufficiently meets the reasonable needs of such users, having regard to the cost of doing so

The current provision meets the reasonable needs of users

8. Royal Mail has an extensive network of approximately 115,000 post boxes. This does not include the additional mailing facilities available over the counter at Post Offices. Several studies have considered the provision of post boxes and whether these meet users' needs. Ofcom's recent user needs review found no issue with the current post box provision - the reasonable needs of users are being met. These results accord with our own study in 2010, where we found that users were satisfied or very satisfied with the network of post boxes provided by Royal Mail and that most users travel short distances to a post box but would be prepared to travel further. These findings are further supported by the very few complaints received by Royal Mail about post box location or provision.

The number of post boxes has remained broadly constant for the last decade

9. The number of post boxes in the UK overall – in both rural and urban areas – has remained stable for the past decade. In the 12 months to February 2012 there were around 450 additions and around 380 removals^[1] resulting in a net increase of around 50 post boxes. Royal Mail has no plans to materially change the size of the post box estate. There is no widespread or general issue with the provision of post boxes provided by Royal Mail (we receive very few complaints about post box location or provision) or with minor adjustments to the post box network, for example relocating post boxes that are consistently vandalised.

The UK has one of the highest levels of provision of post boxes per capita in Europe

10. Adequate post box provision is underpinned by legislation. Ofcom has a duty under Section 29(6) of the Postal Service Act 2011 to carry out its functions in relation to postal services in a way that Ofcom considers will secure the provision of sufficient access points to meet the reasonable needs of users of the universal service.
11. Royal Mail has one of the largest post box estates in Europe and the highest post box density of any of the major European countries.
12. Furthermore, access to postal services is underpinned by the Post Office branch network which is required to meet stringent Government accessibility criteria. Currently 93.1% of people in the UK must be within a mile of a Post Office, and 99.7% within three miles³. Post

^[1] Note that the figures for both additions and removal of post boxes will include some relocations

³ Section 6 of Post Office network report 2012. Distances assessed on a straight line basis.

Office branches provide access for larger and signature items, but will accept other items of mail and most also have a post box located in close proximity.

Compliance with the new access density criteria

13. The future level of customer usage of the post box network remains uncertain. Ofcom discusses the fact that the most significant postal trend of recent years is the decline in mail letter volumes. This decline in letter volumes, particularly single piece volumes, has a direct impact on post box usage.
14. Royal Mail agrees with Ofcom's approach of a single national criterion. We agree that this will ensure a backstop level of consumer protection for all postal users in all post code areas (PCAs). Royal Mail is pleased that Ofcom has taken into account the fact that the current level of post box provision meets the reasonable needs of users and that any regulation must be proportionate. The proposed criteria ensure the reasonable needs of users continue to be met, whilst not placing disproportionate regulatory requirements on Royal Mail.
15. As stated by Ofcom, Royal Mail's current post box density would already comply with the proposed criteria of there being a post box within half a mile of the premises of not less than 98% of users of postal services. It would be appropriate for Ofcom to keep the access point density criteria under review, and reassess it should users' needs change markedly.
16. The second part of Ofcom's criteria is that provisions must be put in place for the 2% of delivery points which will not have a post box within 0.5 miles.
17. Royal Mail has arrangements in place to assist remote users who are over 10km from a Post Office⁴ – these arrangements include collection from private roadside letterboxes and local arrangements to hand mail, carrying appropriate postage, directly to rural delivery postmen and women. These arrangements also provide an alternative means of access for rural users who are some distance from a post box.
18. In addition, Royal Mail also offers a free collection service for Articles for the Blind from social customers who are unable to get to a post-box of Post Office to post these items themselves.
19. Business users in both urban and rural locations can purchase a business collection. The price does not depend on the customer's location. Businesses may also purchase this service for collections from a private posting box i.e. a posting box which is provided by the customer and which is accessible for public use – these are typically located in hospitals, hotels and supermarkets.

⁴ Post Offices represent access points capable of receiving the largest relevant postal packets and registered items and in the UK as a whole, the premises of not less than 95% of users of postal services are within 10 kilometres of such an access point

20. The reasonable needs of users are incredibly important to Royal Mail, and as discussed, we already have arrangements in place to ensure access to the postal service. We do, however, believe that the proposed DUSP wording needs to be changed slightly to recognise there are some, very rare, instances where operationally Royal Mail cannot provide local arrangements.
21. Royal Mail proposes the following revised wording to Ofcom's drafting, as shown in italics:

"b) in the case of any users of postal services whose premises are not within half a mile (805 meters) of a letter box or other access point the universal service provider may consider what steps it may take to provide, or procure the provision of, access to the universal service in a manner which sufficiently meets the reasonable needs of such users, having regard to the costs and operational practicalities of doing so"

Conclusions

22. Royal Mail agrees with Ofcom's assessment that the current regulatory requirements for the provision of post boxes should be modified. We are pleased that Ofcom agree that the reasonable needs of users are already being met by the current post box estate. Royal Mail agrees that the proposals, as set out with the slight amendment at paragraph 21, would protect the reasonable needs of users without imposing disproportionate regulation in this area.