



Updating the Regulatory
Reporting Framework-
Statutory Notification
USP accounting condition
Postal Regulation

Publication date: 27 January 2014

Notification of Decision

- 1.1 On 27 March 2012 we published our Statement '*Securing the Universal Postal Service: Decision on the new regulatory framework*' ('the March 2012 Statement').¹ This set out our decision on the new regulatory framework for the postal sector, which gave Royal Mail Limited ('Royal Mail') more commercial and operational flexibility (particularly in relation to setting the majority of its prices). Regulatory safeguards were implemented to protect consumers and, where appropriate, promote effective competition.
- 1.2 One of the safeguards was the comprehensive monitoring regime. A summary of the regulatory financial information that Royal Mail would be required to provide to support our monitoring regime were outlined in Section 11 and Annex 3 of the March 2012 Statement.
- 1.3 It has been almost two years since the introduction and implementation of our monitoring regime, and now we consider that some changes should be made, so that the regulatory financial information provided by Royal Mail remains fit for purpose.
- 1.4 We published our proposed changes for consultation on 23 October 2013 '*Updating the Regulatory Reporting Framework – Notice of proposed modifications to the USP accounting condition*'² and invited responses on changes to the condition, and to the Regulatory Accounting Guidelines ('RAG') referred to in the condition, by 25 November 2013. We received responses from Royal Mail and UK Mail.
- 1.5 We have considered the responses in deciding the changes to the regulatory financial information requirements. We set out responses to the October 2013 Consultation and our decisions in the accompanying Statement:
<http://stakeholders.ofcom.org.uk/binaries/consultations/regulatory-reporting-framework/statement/statement.pdf>.

Decision

- 1.6 We have now decided, in accordance with section 53, and paragraphs 3 and 4 of Schedule 6 to the Postal Services Act ("the Act") and pursuant to powers in section 39 of the Act, to modify the USP Accounting Condition and the RAG.
- 1.7 Our changes fall into the following types:
 - requiring new information which we now consider as relevant and important for our monitoring regime;
 - reducing or removing certain information which is not essential or necessary for our regular monitoring needs; and

¹ <http://stakeholders.ofcom.org.uk/binaries/Consultations/review-of-regulatory-conditions/Statement/Statement.pdf>

² <http://stakeholders.ofcom.org.uk/binaries/consultations/regulatory-reporting-framework/summary/framework.pdf>

- changing the deadline or frequency of some of the information provided to us, so that the information is available in a more timely and expedient manner for our monitoring purposes.
- 1.8 The revised USP Accounting Condition and RAG (clean copies as well as copies with tracked changes showing the updates) are set out in Annex 1 and Annex 2 respectively.³
- 1.9 These revised versions replace the previous versions notified on 27th March 2012 and take effect when this notification is published.
- 1.10 A discussion of the responses to the consultation is set out in the accompanying Statement: <http://stakeholders.ofcom.org.uk/binaries/consultations/regulatory-reporting-framework/statement/statement.pdf>.
- 1.11 Ofcom is satisfied that its decisions satisfy the general test in paragraph 1 of Schedule 6 to the Act.
- 1.12 Copies of this Notice and the accompanying Statement document will be notified to the Secretary of State and to the European Commission in accordance with paragraph 5 of Schedule 6 to the Act.

Signed by **Chris Rowsell**

A handwritten signature in black ink, appearing to read 'Chris Rowsell', with a long horizontal line extending from the end of the signature.

Competition Policy Director

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

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³ Annex 1 (clean version): <http://stakeholders.ofcom.org.uk/binaries/consultations/regulatory-reporting-framework/statement/annex1.pdf>

Annex 2 (clean version): <http://stakeholders.ofcom.org.uk/binaries/consultations/regulatory-reporting-framework/statement/annex2.pdf>