

## Your response

**Question 1:** Do you have any comments on Ofcom's proposed Work Plan for 2026/27?

Confidential? – N

Royal Mail welcomes the opportunity to comment on Ofcom's proposed Plan of Work for 2026/27. Ofcom has set out two primary areas of focus for the postal sector in the forthcoming year: Affordability and pricing of postal Universal Service Obligation (USO) services and its postal supervision programme.

### **Affordability and pricing**

We welcome Ofcom's intention to continue examining the affordability and pricing of USO products. Royal Mail is aligned to Ofcom's objective and remains committed to delivering a reliable, affordable and financially sustainable universal service that meets the evolving needs of consumers, businesses and communities across the UK. We support Ofcom's timeline for this review. It is important the decision is issued in Q3 to allow sufficient time for stakeholders to understand the outcome and for Royal Mail to have time to implement and communicate pricing changes subject to Ofcom's decision.

We will continue to engage with Ofcom as it moves through its consultation process on its Pricing and Affordability Review. The current Second Class Safeguard Cap is no longer an effective mechanism to support those who may be facing postal affordability. We propose that it is replaced with a targeted scheme that will help those consumers who may face postal affordability issues to have an effective and efficient means of meeting their postal needs. It will also help to create a regulatory framework that can support Royal Mail to become more financially sustainable whilst ensuring we can better meet the needs of all our customers in the future. We welcome Ofcom's recognition of the importance of a resilient and sustainable postal service that meets the evolving needs of customers.

### **Postal supervision programme**

Royal Mail acknowledges Ofcom's commitment to monitor service performance and to ensure our compliance with regulatory obligations, including for vulnerable customers. We fully recognise the importance of ensuring that postal services remain easy to use, affordable, and available to all customers, including customers with a disability.

**Question**

**Your response**

We remain committed to Universal Service reform, which is essential for driving a step change in quality of service and for Royal Mail's financial sustainability. Universal Service reform is essential for our future, and any further delay in deploying the changes threatens our financial resilience, particularly at a time of significantly increased costs for Royal Mail. We continue to work together with the CWU and hope that by moving discussions in to the Achieving National Agreement Procedure we can reach agreement on how we move ahead with reform as quickly as possible. This will build a stronger and more sustainable Royal Mail which will deliver long-term success for the business and our colleagues and improved quality of service for our customers.

Improving quality of service remains a top priority for Royal Mail. We take it seriously and remain committed to delivering a better service for our customers within the significant constraints of our financial position. We are investing in operational improvements and new technology to support more timely and reliable deliveries. We are also taking steps to address local and systemic challenges that have affected performance. Royal Mail will continue to take actions that strengthen quality of service and deliver better outcomes for consumers and businesses. However, as noted above, our financial position remains challenging, and only full deployment of our optimised delivery model will deliver the necessary step change in quality of service performance.

As set out in our response to Ofcom's call for input on pricing and affordability we believe all stakeholders, including Royal Mail, would benefit from greater clarity on how further USO reform, whether through regulatory or legislative change, will be approached. We propose a strategic, structured approach centred on an annual senior-level meeting between Royal Mail and Ofcom to review and discuss the financial sustainability of the USO. If appropriate, it would be followed by two further checkpoints in the framework: financial analysis to support a net cost calculation of the USO, similar to Ofcom's previous analysis; and a report to Ofcom and shared with Government outlining our assessment and potential next steps. We ask that Ofcom take this proposal into account as it considers its future work in the postal sector.

Please complete this form in full and return to [planofwork@ofcom.org.uk](mailto:planofwork@ofcom.org.uk)