

# Your response

| Question  | Your response  |
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| <p><b>Question 2.1:</b> Do you agree with our proposed objectives for this review? Please state your reasons and provide evidence to support your view.</p> | <p>Confidential? - N</p> <p>I broadly support the four key objectives set out in paragraph 2.22, as they represent a balanced and pragmatic approach to safeguarding the universal service.</p> <p>Collectively, these objectives address critical considerations by ensuring affordability for vulnerable customers, which is vital for social equity and cohesion, protecting other postal users in a market with limited competition to maintain fairness and service quality, and allowing Royal Mail to operate on a sustainable commercial basis, even within the scope of intervention measures, to preserve financial stability.</p> <p>Equally important is maintaining value for money for postal users, as competitive and fair pricing is essential to sustaining demand and preventing further decline in postal volumes any perception of poor value could accelerate reductions in postal volume and undermine the viability of the universal service.</p> <p>Finally, these measures support the long-term sustainability of nationwide postal connectivity, which remains critical for both citizens and the wider economy.</p> <p>In summary, the objectives outlined provide a sound foundation for the review, balancing consumer protection, market integrity, operational sustainability, and the need to preserve demand through value for money.</p> |

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| <p><b>Question 2.2:</b> Do you agree with our planned approach to this review? Please state your reasons and provide evidence to support your view.</p>   | <p>Confidential? - N</p> <p>I support the proposed approach as it provides a balanced framework for safeguarding the universal postal service. It appropriately focuses on maintaining affordability, protecting postal users in a market with limited competition, and ensuring Royal Mail can remain commercially viable within any intervention measures.</p> <p>The commitment to delivering value for money is particularly important to sustain demand and prevent further decline in postal volumes, which could otherwise threaten service viability.</p> <p>I also agree that parcels do not need to be included in the scope of this review, as competition within the parcels market already provides effective control and ensures fair outcomes for consumers.</p> <p>Overall, the approach underpins long-term connectivity and economic resilience while balancing consumer protection, market fairness, and operational sustainability.</p> |
| <p><b>Question 3.1:</b> Do you agree that our approach to assessing the affordability of universal postal services should be similar to the approach we have taken previously? Please state your reasons and provide evidence to support your view.</p> | <p>Confidential? - N</p> <p>I support Ofcom's continued use of its established approach to assessing affordability, as this methodology remains proportionate and evidence-based for both residential and business users. Small and medium-sized enterprises (SMEs), which represent over 99% of UK businesses, typically absorb postage costs or pass them on to customers, and many utilise non-USO services or alternative providers.</p> <p>Ofcom's previous assessments appropriately concluded that, where postal prices are affordable for households, they are likely to be affordable for</p>  |

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|   | <p>SMEs, although smaller businesses may experience greater challenges due to limited economies of scale.</p> <p>Current evidence reinforces this position, average household expenditure on postal services remains low (approximately £0.60 per week), and affordability concerns have diminished since their peak during the cost-of-living crisis.</p> <p>Maintaining the existing framework ensures consistency and predictability for businesses, while enabling Ofcom to focus on vulnerable groups without introducing unnecessary regulatory burdens. Such burdens could constrain Royal Mail's commercial flexibility and, in turn, impact the long-term sustainability of the universal service.</p>   |
| <p><b>Question 3.2:</b> Do you agree with our initial observations from our preliminary analysis of the latest ONS data and market research? Please state your reasons and provide evidence to support your view.</p> | <p>Confidential? - N</p> <p>I agree with Ofcom's initial observations, but it is important to highlight that affordability concerns for business users differ from those of residential customers. While average household spend on post remains low, many SMEs and regulated sectors face mandatory requirements to send certain items by post such as legal notices, compliance documentation, and medical or financial communications which limits their ability to reduce volumes or "trade down" to cheaper services. For these businesses, First Class or Signed For services are often essential to meet statutory deadlines or contractual obligations, meaning price increases have a direct impact on operating costs without flexibility to switch to Second Class.</p> <p>Although overall affordability issues appear concentrated among low-income households, the evidence of rising stamp prices from £1.10 to £1.70 for First Class between April 2023 and April 2025, combined with the lack of viable alternatives for regulatory mail, suggests that some SMEs and regulated entities may experience disproportionate cost pressures.</p> <p>On the converse, introducing an economy service within the meter channel specifically for mail</p> |

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|  | <p>could provide greater choice at a lower price point for postal users that wish to communicate physically but do not have the same level of time sensitivity or regulatory requirement.</p> <p>Such a service would relieve Royal Mail from Quality of Service (QoS) targets, as it would not be a Universal Service Obligation (USO) product, while still meeting business requirements.</p> <p>This reinforces the need for Ofcom's review to consider not only residential affordability but also the implications for businesses with non-discretionary postal requirements, where targeted support or tailored measures would relieve certain price pressure, in addition the proposed economy meter service would be a welcome addition for those businesses with less regulatory control.</p> |
| <p><b>Question 4.1:</b> Do you have any comments on whether a targeted discount scheme could be used to address affordability concerns in post?</p>  | <p>Confidential? - N</p> <p>I do not have a view on residential users, my concerns are related to SME's and higher volume senders, both franking or account/access users.</p>  |
| <p><b>Question 4.2:</b> Do you have any specific comments or evidence relating to the key elements and principles of a potential scheme set out in this section?</p>   | <p>Confidential? - N</p> <p>I do not have a view on residential users, my concerns are related to SME's and higher volume senders, both franking or account/access users.</p>  |
| <p><b>Question 5.1:</b> Do you have any comments on our initial views set out in paragraphs 5.2-5.16 in Section 5 on whether there is a case for Ofcom to move away from its existing approach to price regulation of Royal Mail's letter services based on considerations other than affordability?</p> | <p>Confidential? - N</p> <p>It is my belief that greater emphasis must be placed on achieving the Quality of Service (QoS) targets as continued poor quality of service will make post less viable particularly for business users, therefore both affordability and QoS should be addressed in parallel.</p> <p>The last time Royal Mail met its QoS target was in 2019/20. Allowing these targets to be missed for four consecutive years is wholly unacceptable. While I acknowledge that Ofcom has imposed fines for these failures, it appears these penalties</p>  |

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|  | <p>have effectively been absorbed as part of the organisation's operating costs rather than serving as a deterrent.</p> <p>Therefore, the only pricing remedy that I believe can address both affordability and QoS is the implementation of the 'outcome incentive' outlined in Paragraph 5.7 with the addition that any price increase <u>cannot</u> exceed CPI.</p> <p>This approach would, at the very least, provide consumers with assurance that if QoS standards are not maintained, they should not expect an increase in costs in the following year but if they are achieved would allow postal users to budget for any potential increase.</p>  |
| <p><b>Question 5.2:</b> Do you have any comments on Ofcom's plans to examine aspects of the margin squeeze rule for access prices?</p> | <p>Confidential? - N</p> <p>I support Ofcom's decision to review the operation of the margin squeeze rule for access prices in light of stakeholder concerns about rising wholesale charges and potential anti-competitive practices. The current single-basket approach provides Royal Mail with significant flexibility, which may enable cross-subsidisation and undermine fair competition.</p> <p>In particular, we believe it is important to examine whether unsorted mail should be included within the scope of the margin squeeze control, as its exclusion could disadvantage access operators if Royal Mail prices bulk retail products close to or below access charges.</p> <p>At the same time, any changes must strike an appropriate balance between promoting competition and safeguarding the financial sustainability of the universal service, as overly restrictive controls could exacerbate Royal Mail's operational and financial challenges.</p> <p>I recommend that Ofcom adopt an evidence-based approach, assessing market share trends and pricing behaviour before implementing changes, and consider whether introducing multiple baskets or refining the mechanics of the margin squeeze test would better protect competition</p> |

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|          | without unduly limiting Royal Mail's commercial flexibility. |

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