

Future development of the postal USO team
Ofcom
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Dear Ofcom

The Countryside Alliance works for everyone who loves the countryside and the rural way of life. Our aim is to protect and promote life in the countryside and to help it thrive. With over 100,000 members and supporters we are the only rural organisation working across such a broad range of issues.

The Countryside Alliance welcomes this opportunity to respond to the Ofcom 'Future development of the postal USO' consultation. The Countryside Alliance recognises the postal market is changing with a decline in letters and an increase in parcels, so it is timely to consider the effectiveness of the existing regulatory structure in light of these changes and its impact on the future of the Universal Service Obligation (USO). While the consultation looks at a number of options regarding the future of the USO we feel it is important to make clear that we have one red line and that is to maintain the one-price-goes-anywhere service that Royal Mail provides and our members and rural communities value so much.

The Countryside Alliance undertook a survey of our members in response to the launch of Ofcom's consultation on the future of the USO and you will find the results at the end of this letter.

Changing postal markets

Postal services and the USO are essential to those living and working in the countryside, particularly for individuals and businesses that rely heavily on the postal service. Digital communications provide alternative ways for people to exchange information, but many still rely on the post, as it is seen as reliable and secure. 43% of those who responded to our survey on the future of the USO said their preferred method of communication is via letter and 40% said they rely on it for their business or household. This is why the Countryside Alliance has long been concerned about the impact any changes to the USO would have on rural postal services and the knock-on effect on rural communities and businesses.

The postal services market is fundamentally influenced and shaped by the USO. We appreciate the impact that has on Royal Mail in an evolving commercial environment, but this review must take into consideration the impact any changes to the USO could have on rural communities and businesses that are often much more reliant on the postal services than their

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urban neighbours. They also have less choice when it comes to parcel delivery services and can be subject to extra surcharges, such as those living in the Highlands and Islands. We recognise that the cost of delivering mail to less densely populated, harder to deliver rural areas is met using revenues generated from more densely populated urban and suburban areas, but those communities must not be penalised because they live away from our urban conurbations. We want to see a mail market which is fair, can respond to the changing market and delivers to all communities, no matter where they are located.

Parcels and e-commerce

The UK is the world leader in e-commerce which is delivering benefits to UK businesses and consumers. The roll out of broadband, coupled with a reliable, affordable, and accessible parcels delivery network, has meant that anyone with a laptop can become a marketplace seller and consumers are able to access online shopping quickly and easily, but there is still a need to deliver physical products such as clothes, books and shoes.

For e-commerce to reach its full potential, we need a combination of high-speed and reliable broadband connections for e-retailers and consumers, supported by reliable, affordable and accessible parcel delivery networks. Rural businesses represent a significant part of the UK economy. In 2020/21, there was 548,000 registered rural SMEs, representing 99.8% of all registered rural enterprises, and 23% of all registered SMEs in England. A survey by the National Innovation Centre for Rural Enterprise (NICRE) showed that rural firms have been particularly resilient with 41% increasing their turnover, compared to 35% of urban businesses, and 18% decreasing their turnover, compared to a quarter of urban businesses since Covid-19. Rural areas contribute over £250 billion to our economy in England alone.

Without the USO it is likely that the market would not deliver affordable and accessible parcel drop-off and delivery services throughout the whole of the UK. Instead, many parcel operators would focus their energies on the cheaper to serve urban and suburban centres. Rural consumers and businesses would be likely to pay more than urban customers and some retailers and delivery companies may choose not to deliver to certain parts of the country. The USO has played a vital role in e-commerce to date, and it is vital that the USO remains financially sustainable so the full potential of e-commerce growth can be achieved in the UK. This is why we would support the continuation of parcels to be delivered up to seven days a week.

Key points from the Countryside Alliance on the future of the USO

- The Countryside Alliance believes Ofcom must retain the one-price-goes-anywhere service that Royal Mail provides and our members and rural communities value so much.
- Postal services and the USO are essential to those living and working in the countryside.
- Parcels to be delivered up to seven days a week as currently.
- The number of mail deliveries can be reduced to five per week if it maintains the one price goes anywhere services.

The working of the postal services market and the USO must be addressed to ensure that we have a fair postal market which can respond to the changing market and deliver to all communities.

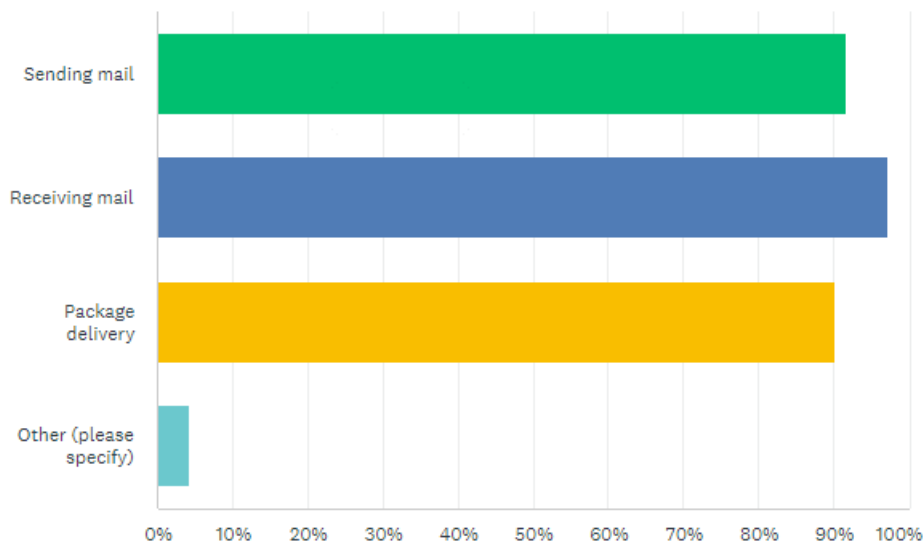
The Countryside Alliance has only responded in a general capacity to this consultation as we are not experts in mail regulation, so we, therefore, feel it would be inappropriate for us to comment on those more technical aspects in detail. If the Countryside Alliance can be of further assistance or you require any clarification of the points raised, please do not hesitate to contact me.

Yours sincerely,

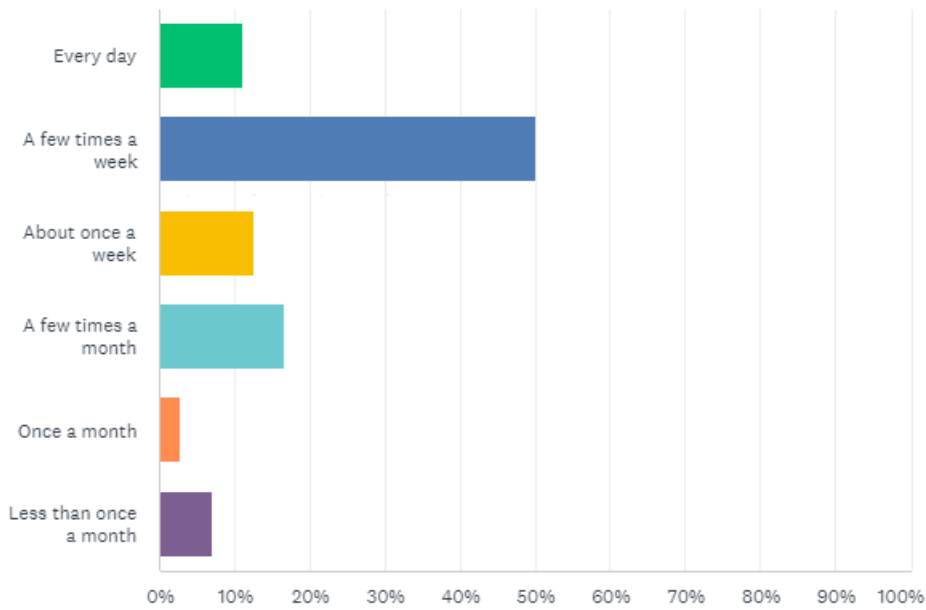
Tim Bonner
Chief Executive

Countryside Alliance survey of our members on the future of the USO

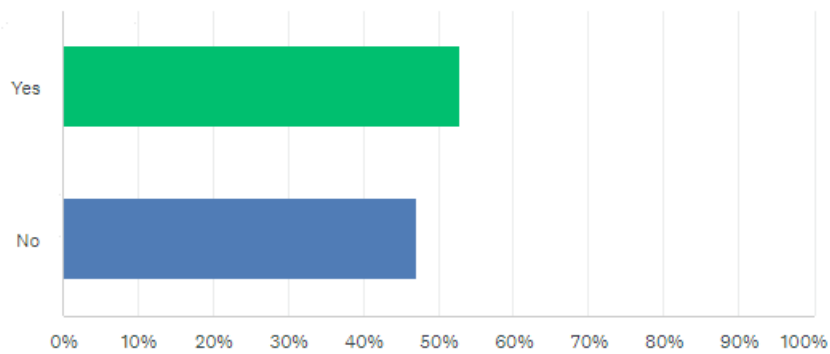
Which of the following postal services do you use?



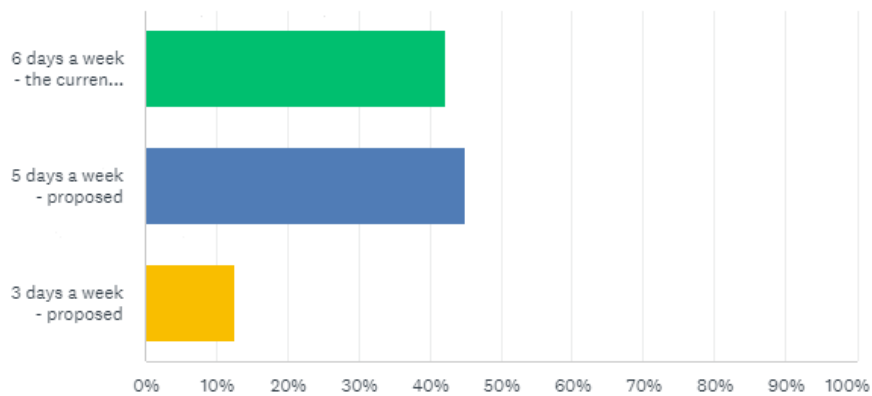
How often do you use postal services?



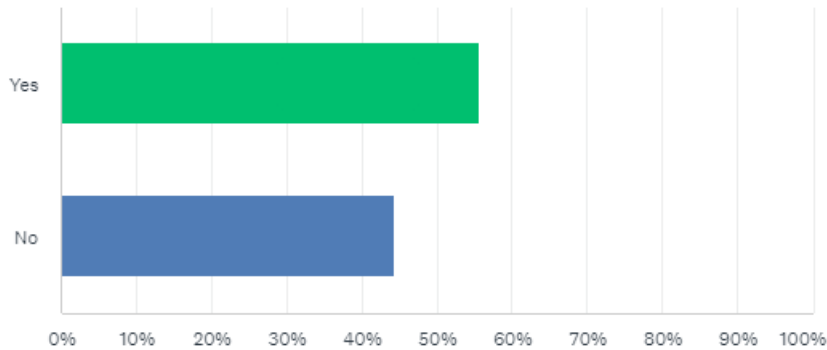
Do you support any changes to the USO?



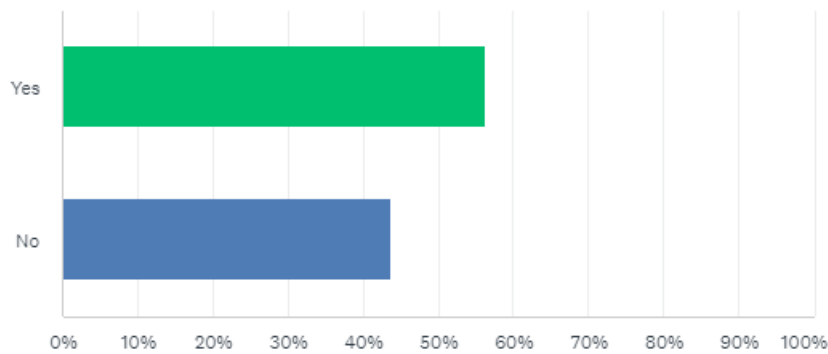
Ofcom is proposing a reduction in the frequency of delivery for letters – which option do you support?



Would you prefer to have fewer delivery days and maintain the one-price deliver anywhere commitment?



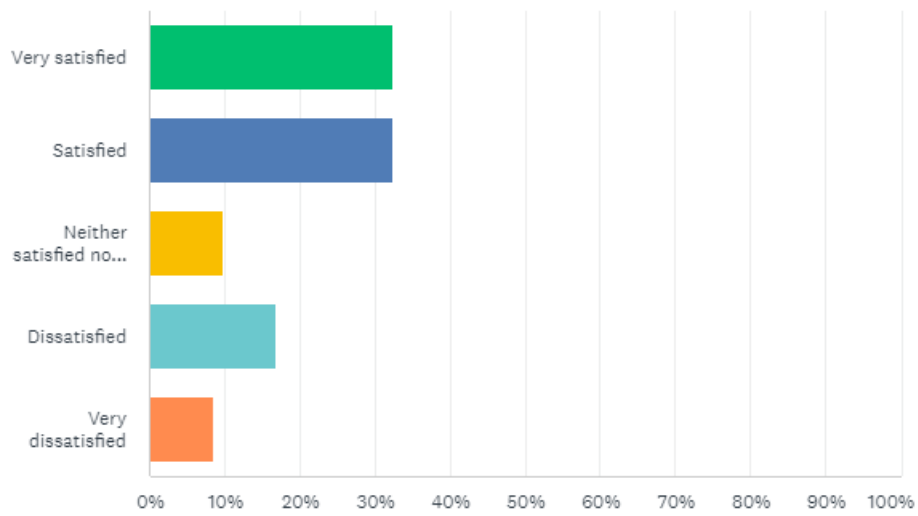
Do you support a change to delivery speeds of letters to ensure the USO still retains the one-price deliver anywhere commitment?



Will the proposed options for the USO have an impact on you?

▼ My preferred communication is via letter	43.48%
▼ I rely on the post for my business or household	40.58%
▼ I don't want to see any changes	36.23%
▼ The changes will increase my social isolation as I rely on the post	33.33%
▼ I support the changes	23.19%
▼ The changes will have no impact on me	20.29%
▼ My preferred communication is via electronic communication	20.29%
▼ None of the above	7.25%

How satisfied are you with the efficiency of postal services in your area?



How often do you experience delays in the delivery of your mail?

