

Following the first evidence session with Royal Mail on 17 January 2023, BEIS Committee staff contacted Ofcom via email and asked Ofcom to clarify the following:

- Whether a prioritisation of parcels which leads to letters not being delivered six days a week would amount to breaking the universal service obligation?
- What the consequences of breaking the universal service obligation may be for Royal Mail if this was the case, from Ofcom's point of view?

Ofcom responded with the following:

*Consistent with the minimum requirements of the USO set out in legislation, Ofcom imposes regulatory obligations that require Royal Mail to offer letters delivery services six days per week and to meet certain quality of service (QoS) standards in providing those services (for example the First Class national performance target of 93% of mail delivered within one working day after collection). This is important for consumers, and we take compliance with these requirements seriously.*

*Accordingly, any failure of Royal Mail to offer a six days per week letters delivery service or to meet the specified QoS standards may result in a breach of those obligations and Ofcom could take enforcement action.*

*In considering whether to take enforcement action, and the consequences for Royal Mail of such action, we would take into account the specific circumstances of any alleged breach. This includes, for example, considering any matters which are beyond Royal Mail's control and which have an impact on its performance.*

*If we were to determine that Royal Mail had failed to comply with its requirements, we could, depending on the circumstances, (i) impose financial penalties (ii) specify certain steps RM must take to comply with its requirements or remedy the consequence of the breach.*

*Most recently, we undertook an investigation into Royal Mail's 2021-22 QoS. In the course of this investigation, we accepted, in the particular circumstances of that regulatory period where there were exceptionally high volume of parcels associated with the pandemic, that it was reasonable, at times, for Royal Mail to prioritise parcels over letters in order to efficiently move these high volumes of parcels through the delivery network. As we set out in our 2021-22 QoS investigation decision, we are concerned by the fact that Royal Mail's performance in the early part of 2022-23 fell well short of where it should be. We believe the company has had plenty of time to learn lessons from the pandemic, and we are unlikely to consider the factors that we considered in our 2021-22 investigation as exceptional and beyond its control in future.*